

21 OCTOBER 1946

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Of
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EXHIBITS

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1 Monday, 21 October, 1946

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3
4 INTERNATIONAL MILITARY TRIBUNAL
5 FOR THE FAR EAST
6 Court House of the Tribunal
7 War Ministry Building
8 Tokyo, Japan

9 The Tribunal met, pursuant to adjournment,
10 at 0952.

11 - - -

12
13 Appearances:

14 For the Tribunal, same as before.

15 For the Prosecution Section, same as before.

16 For the Defense Section, same as before.

17
18 - - -

19
20 (English to Japanese, Japanese to
21 English, Russian to English and Japanese to
22 Russian interpretation was made by the
23 Language Section, IMTFE.)
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1 MARSIAL OF THE COURT: The International
2 Military Tribunal for the Far East is now in session.

3 THE PRESIDENT: General Vasiliev.

4 Colonel Rosenblit.

5 COLONEL ROSENBLIT: Friday afternoon we
6 presented the affidavit of KUSABA, Tatsumi, which was
7 given exhibit No. 838.

8 I shall confine myself to reading only most
9 important excerpts from this lengthy document. The de-
10 tailed data relating to the witness' biography are scat-
11 tered throughout the affidavit. For the sake of con-
12 venience I shall briefly tell the Tribunal that accord-
13 ing to his affidavit Lieutenant-General KUSABA served
14 in Manchuria since 1935 and for a number of years was
15 closely connected with the railroad construction in
16 Manchuria. Since December 1942 through February 1944
17 he was Commanding General of the 4th Army of the 2nd
18 Front of the Kwantung Army.

19 General KUSABA testified to the plans of war
20 in the following vein.

21 (Quote from page 15).

22 "Question: Did you know the plan of operations of
23 the Second Army Group and the Fourth Army?

24 "Answer: Yes, I did, and it was the offensive plan.

25 "Question: Tell me about the contents of the plan

1 of operations of the Second Army Group and the Fourth
2 Army from 1941 to 1944?

3 "Answer: According to the plan of 1941, reported
4 and explained by the Chief of the Staff of the Fourth
5 Army Major General KIMIHARA, the early concentrated
6 attack of the war against the U.S.S.R. was to be carried
7 out by the First Army Group in the Maritime Province,
8 and during this time the Second Army Group was to
9 cover the flank of the First Army Group and to prepare
10 for the plan of operations in the districts of Zavi-
11 taya and Kuibyshevka. In preliminary stage of a war,
12 the N Army and airforces which had operated before in
13 the Maritime Province were to be transferred to the 2nd
14 Army Group. According to the plan of operations of the
15 authorities, the Second Army Group was to let the
16 Fourth Army (four divisions) cross the Heilungkian
17 River from the place between Shengwuton and Aigun and
18 to let the N Army (two divisions) cross it from the
19 place near Chike, and let those two Armies carry out
20 the attack against the Zavitaya and Kuibyshevka, cut
21 off the Heilungkiang Railway, destroy the Army of the
22 U.S.S.R., occupy the important points of Blasovesh-
23 chensk, Kuibyshevka, Zavitaya and Simanovskaya, and then
24 advance to the direction of Khabarovsk and Rukhlovo.
25 In September, 1942, the commander of the Second Army

1 Group, General ANAMI Korechika amended this plan."

2 I omit a few lines containing technical de-
3 tails of the said modifications which in essence were
4 concerned mainly with changing the places of crossing
5 the Amur river by the forces of the front and the
6 change of the direction of the main blow of the 4th
7 and N army which by that time was named the 8th army.

8 I further quote from the middle of the first
9 paragraph on page 16.

10 "Those plans of operations of the Second
11 Army Group was in force from 1941 to the spring of
12 1944, that is the time when I was the commander of the
13 Fourth Army, this plan was in force."

14 Lieutenant-General KUSABA gave very essential
15 testimony of the "Kan-Toku-En" plan, which I quote from
16 page 10, the fourth paragraph.

17 "Question: Tell me what you know about the 'Kan-
18 Toku-En' plan.

19 "Answer: It provided for the increase of our
20 military strength in Manchuria in connection with the
21 outbreak of the Russo-German War in 1941, and by this
22 plan some three hundred thousand forie were transferred
23 to Manchuria. The 'Kan-Toku-En' plan was only the name
24 to camouflage our plan of operations against the U.S.S.R."

25

1 Then, if the Tribunal please, I shall quote
2 a passage from KUSABA's affidavit pertaining to rail-
3 road construction in Manchuria, with which KUSABA had
4 close relations for a period of several years. His
5 testimony corroborates that the construction was
6 carried on on a large scale and had a strategic
7 importance, likewise it confirms that the Kwantung
8 Army Headquarters, Chief of Army General Staff, War
9 Minister, and the Cabinet were directly connected
10 with the construction of railways in Manchuria.

11 I quote from page 7; the last paragraph:

12 "Question: What railway was constructed in
13 Manchuria after the Manchurian occupation?

14 "Answer: In 1933 Kirin-Hweining line, in
15 1934 the Line from Rashin to Tumen to Mutankiang
16 were built. Kirin-Hweining Line is convenient to
17 carry the Japanese forces who are to be sent from
18 the interior of Japan to continent, to the direction
19 of Harbin promptly. And RASHIN-Tumen-Mutankiang Line
20 is convenient to transport the forces promptly to
21 the border of the U.S.S.R. and Manchuria. Since
22 the military utilization of the established railways
23 were paid the great attention and from about 1936
24 the whole attention was paid to the construction
25 of the strategic railway."

1 I omit the whole of page 8, containing
2 a detailed list of the railroads constructed in
3 Manchuria since 1936 and describing the strategic
4 importance of every one of them, and pass directly
5 to quoting from page 9.

6 (Quote):

7 "Question: Were the Manchurian railways, which
8 provided Japan with her military case in that country,
9 based on the plans made by the General Staff Head-
10 quarters of the Japanese Army?

11 "Answer: Yes, they are based on the plans
12 drawn up by Japanese General Staff.

13 "Question: Were the plans of Japanese General
14 Staff made by the Strategic Transportation Section?

15 "Answer: The plans were conceived in the Opera-
16 tions Department, and their technical details were
17 the responsibility of No. 3 Department. The Opera-
18 tions Department has neither the personnel nor
19 materials necessary to draw up such plans, but
20 only presented drafts to No. 3 Department, which
21 then made practical plans and introduced them to
22 the War Ministry as the opinion of the General Staff.
23 The War Ministry negotiated with the Cabinet, and
24 with their approval, passed the plan on to the
25 Kwantung Army. The Kwantung Army made out a practical

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19 materials necessary to draw up such plans, but
20 only presented drafts to No. 3 Department, which
21 then made practical plans and introduced them to
22 the War Ministry as the opinion of the General Staff.
23 The War Ministry negotiated with the Cabinet, and
24 with their approval, passed the plan on to the
25 Kwantung Army. The Kwantung Army made out a practical

1 scheme on the spot and passed it on to the South Man-
2 churian Railway Co., who put it into execution.

3 "Question: Do you think the network of railways
4 in Manchuria was sufficient for the attack on the
5 U.S.S.R. in 1941?

6 "Answer: Yes, it was, especially the dense
7 strategic network at the eastern front. The railway
8 could secure the force in the central part of Manchuria
9 and it was possible to transfer it quickly and when-
10 ever it was necessary, to places in trouble in the
11 front area of Manchuria and the U.S.S.R. And we
12 were able to transfer the forces from one place
13 to another promptly by this network in time of war.

14 "Question: Was it at the request of the Opera-
15 tions Department of the General Staff?

16 "Answer: Yes, it was at the request of the
17 Operations Department in the General Staff."

18 If the Tribunal please I finish quoting
19 the affidavit of Lieutenant-General KUSABA and once
20 more come back to the affidavit of Major MATSUURA,
21 Kusuo of May 18, 1946 (exhibit No. 833, Prosecution
22 document No. 2153), which has already been partly
23 quoted by me.
24
25

THE PRESIDENT: Major Furness.

1 MR. FURNESS: If the Court please, we request
2 information as to the status of Tatsumi KUSABA at the
3 time he made this affidavit in Khabarovsk on March 25,
4 1946; also at the time that he met his death. We
5 understand that he met his death while in the custody
6 of the Soviet authorities.
7

8 COLONEL ROSENBLIT: If the Court please, in
9 both cases KUSABA told me that he was a prisoner of
10 war of the Soviet Army.

11 I come back to the affidavit of Major
12 MATSUURA.

13 As is clear from this affidavit, in 1943,
14 MATSUURA was transferred to work in the Ciphering
15 Section of the Kwantung Army. In his testimony,
16 Major MATSUURA describes measures that bear witness
17 to the preparations for an attack on the U. S. S. R.
18 carried out in the Kwantung Army.

19 I quote an excerpt from page 6:

20 "In August 1943, Lieut.-Col. TOMURA, Morio,
21 Senior staff liaison officer of the Kwantung Army
22 Headquarters, warned Maj. KOBAYASHI and myself that
23 preparations must be made so that we might change
24 the ciphers speedily when military operations against
25 the Soviet Union were opened.

1 "Lieut.-Col. TOMURA told me that, according
2 to the directives of the Imperial Headquarters, the
3 Kwantung Army would open surprise operations against
4 the Red Army so as to overwhelm it by taking the
5 initiative against its superior force."

6 To conclude I shall offer in evidence an
7 excerpt from a document which is an authoritative
8 testimony given by the defendant OSHIMA to the effect
9 that for decades the Japanese Army General Staff
10 hammered plans of aggression directed against the
11 U. S. S. R.

12 I present for identification the photostatic
13 copy of the document under the title of "Record of
14 the Talk of the Reich Minister with Ambassador
15 OSHIMA of April 18, 1943 in Fushl." This document
16 was drawn up in German Foreign Office. I present in
17 evidence an excerpt from this document. The document
18 was signed by Gettfried an official of German Foreign
19 Office. The certificate to this document has already
20 been presented to the Tribunal, exhibit No. 772,
21 prosecution document No. 520.

22 CLERK OF THE COURT: Prosecution document
23 No. 520 will receive exhibit No. 839 for identifica-
24 tion only.

25 (Whereupon, the above-mentioned

1 document was marked prosecution's exhibit
2 No. 839 for identification only.)

3 THE PRESIDENT: The excerpt is admitted on
4 the usual terms.

5 CLERK OF THE COURT: And the excerpt there-
6 from, bearing the same prosecution document number,
7 will receive exhibit No. 839-A.

8 (Whereupon, the above-mentioned
9 document was marked prosecution's exhibit
10 No. 839-A and received in evidence.)
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1 COLONEL ROSENBLIT: I quote the following
2 portion of the document:

3 "The Reich Foreign Minister then once more
4 emphasized that if Japan felt strong enough and had
5 sufficient anti-tank weapons, the current year was with-
6 out doubt the best opportunity for attacking Russia,
7 which would certainly never again be as weak as she is
8 now.

9 "We had reliable information according to
10 which the Russians are newly constructing a large number
11 of airfields in the East from which they themselves as
12 well as the Americans would one day certainly attack
13 the Japanese Island Empire with their bomber squadrons.
14 The Japanese estimate of the strength of the Russians
15 as 800,000 men in Siberia is, in our opinion, however,
16 over-estimated. Our estimate is only 250,000 men, who,
17 in addition, are second-class soldiers, since all the
18 Siberian Divisions had already been battered by the
19 German armies last winter. If, however, Japan was not
20 in the position to beat the Russians quickly and
21 decisively, it would be better for her not to attack.
22 However, she would then under all circumstances have to
23 launch a new attack in some place against the British
24 or the Americans. Ambassador OSHIMA explained that he
25 did not know the views of his Government but understood

1 that for the last 20 years all plans of the General
2 Staff had been worked out for an attack on Russia and
3 were still directed towards such an attack. If
4 success in that direction could in any way be expected,
5 they would certainly attack."

6 It is known all over the world that those plans
7 though thoroughly worked out and ready for realization,
8 remained only on paper.

9 Those Japanese plans of an aggressive war
10 against the Soviet Union did not come true just because,
11 contrary to the expectations of the Japanese military,
12 the Red Army was not routed by the Hitlerite Germany.
13 Moreover, the Red Army successfully drove the German
14 Army from east to west and won a series of glorious
15 victories which ended in a complete rout of the German
16 Army, and together with the blows inflicted by the
17 Allied Forces from the west, led to the unconditional
18 capitulation of Germany.

19 This was followed by an equally crushing rout
20 of Japan which has brought the leaders of the Japanese
21 aggression into the dock.

22 THE PRESIDENT: Well, I do not see in this
23 excerpt the matter which the interpreter has been
24 reading. There may be some explanation.

25 MR. GOLUNSKY: If your Honor please, I think

1 that the only way out of this difficulty would be to
2 compare the record with the document when the record
3 is ready and see if there is a difference.

4 THE PRESIDENT: Yes. It may be, as one of
5 my colleagues reminds me, that Colonel Rosenblit
6 added those words in Russian by way of a summary of the
7 excerpt. I do not know, but that may be the explanation.

8 MR. GOLUNSKY: Yes, that is probably the
9 explanation.

10 THE PRESIDENT: Ordinarily, the comments
11 precede the excerpt. On this occasion it followed.

12 MR. GOLUNSKY: If your Honor please, we have
13 been directed by the Tribunal to present certificates
14 about some documents we have introduced, containing
15 information as to how those documents came into the
16 possession of the Soviet Government. I have in mind
17 exhibits 692, 694, 704, 732, 734, 736, 737, 738, 740,
18 757.

19 Those certificates are now being tendered to
20 the Tribunal, and I request that they be attached to
21 the respective exhibits.

22 THE PRESIDENT: They are admitted and will
23 be attached to the respective exhibits.

24 MR. GOLUNSKY: This concludes, your Honor,
25 the presentation of this phase of the trial.

1 THE PRESIDENT: Mr. Smith.

2 MR. SMITH: If your Honor please, when the
3 opening statement in this phase was read, I called
4 attention to some errors in the statement with respect
5 to offices held by Mr. HIROTA at the time the Anti-
6 Comintern Pact was signed, and also to the fact that
7 Mr. HIROTA held no office at all at the time of the
8 Lake Khasan Incident.

9 I understood General Golunsky to say that he
10 would look into the matter and advise the Court. I
11 would like to have it corrected before this phase goes
12 out of the picture.

13 MR. GOLUNSKY: If the Tribunal please, the
14 prosecution agrees to those corrections being made.

15 THE PRESIDENT: Major Blakeney.

16 MR. BLAKENEY: The Tribunal will remember that
17 there has been a considerable number of witnesses whose
18 testimony was presented by affidavit and whose atten-
19 dence for cross-examination has been requested.

20 THE PRESIDENT: We have not given a decision
21 on any of those cases, Major Blakeney. Even if we
22 decided to call them, they could not be here before the
23 next stage is entered upon. The applications are still
24 under consideration.

25 MR. BLAKENEY: We merely wished to make sure

1 that the applications were still being considered.

2 THE PRESIDENT: Mr. Chief Prosecutor.

3 MR. KEENAN: Mr. President, the next phase
4 of presentation of the prosecution is that concerned
5 with the general preparation for war by Japan. It
6 will be under the direction of my friend and associate,
7 Brigadier R. H. Quilliam, from New Zealand, Joseph F.
8 English, of the District of Columbia Bar, the United
9 States, and Captain James J. Robinson, of the United
10 States Navy.

11 THE PRESIDENT: Major Furness.

12 MR. FURNESS: If the Court please, the defense
13 requests that it be furnished with copies of the opening
14 statement in English and Japanese. If this is done it
15 will be much easier for us to follow it; it has been
16 done in the past and we see no reason why it should
17 not be done now. It will also make for orderly pro-
18 cedure, since it would enable us to consolidate our
19 objections and not make them haphazard.

20 THE PRESIDENT: Brigadier Quilliam.

21 BRIGADIER QUILLIAM: Mr. President, and Members
22 of the Tribunal, there is no objection to serving the
23 defense with copies of the opening statement. It could
24 be done if the Court directs that it should be done.
25 It is, of course, not a document. It is not an

1 evidentiary document, and the rules, therefore, do not
2 apply. In the case of the French and Russian phases,
3 apparently for special reasons, copies were served.
4 If the Court so directs the copies can now be served
5 within a matter of a few minutes.

6 THE PRESIDENT: We have no power to direct you
7 to do it -- rather, there is nothing in the rules
8 requiring it to be done, let me put it that way. But
9 if you are in a position to do so now, serve it. But
10 we do not want to waste time.

11 BRIGADIER QUILLIAM: That would involve a
12 page bringing in the documents and distributing them
13 here, if that may be done.

14 THE PRESIDENT: Yes. In the meantime, open
15 the evidence, Brigadier Quilliam, please.
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1 BRIGADIER QUILLIAM: Mr. President and
2 Members of the Tribunal:

3 The part of the Case for the Prosecution
4 which will now be presented is that which deals with
5 the general naval, military, production and financial
6 preparations for aggressive war which were made by
7 Japan from 1932 onwards, and for which it is submitted
8 the Defendants must be held responsible. The Counts of
9 the Indictment which are affected are all those com-
10 prised in Group I and the summarised particulars of the
11 principal matters and events on which we reply are con-
12 tained in Section 5 of Appendix A.

13 The evidence which will now be presented will
14 show, it is submitted, that Japan made naval, military,
15 and economic preparations which far exceeded the re-
16 quirements of legitimate defence, and which had as
17 their real object the fulfillment of the conspiracy to
18 wage wars of aggression and in violation of treaties
19 as charged in the Indictment.

20 The evidence will be presented in the follow-
21 ing order. First evidence will be adduced to show the
22 steps taken by Japan to increase the production of
23 munitions and materials of war and the financial measures
24 adopted for that purpose. My colleague Mr. English will
25 then present evidence of Japan's general military prepar-

1 ations. This will be followed by the evidence of the
2 illegal fortification of Japan's Mandated Islands, and
3 then my colleague Capt. Robinson will adduce evidence
4 of the general naval preparations which were made.

5 In the statement and outline of the evidence
6 which I am about to make I will follow the same order.

7 Mr. President, the copies are here. May
8 they be distributed now?

9 THE PRESIDENT: Yes, they may.

10 (Whereupon, copies of the opening
11 were distributed.)

12 BRIGADIER QUILLIAM: Mr. President and
13 Members of the Tribunal:

14 Evidence as to Japan's production and finan-
15 cial preparations for war will be given by Mr. J. G.
16 Liebert. Mr. Liebert is an expert in economic and
17 financial matters, who has been employed since October
18 1945 in the Economic and Scientific Section of the
19 General Headquarters of the Supreme Commander for the
20 Allied Powers as Chief of the Controls and Cartels
21 Branch. In addition he has made a special investigation
22 of Japan's economic and financial preparations for war.

23 It is, of course, well known that modern warfare
24 requires the use of vast quantities of equipment of all
25 kinds, and it is obvious that Japan's attack against

1 Pearl Harbor, Malaya, and other places from December
2 1941 onwards must have been proceeded by large scale
3 industrial preparations. The evidence of Mr. Liebert
4 will show the comprehensive nature of those prepara-
5 tions during the years prior to 1942, how they affected
6 Japan's whole economy and every aspect of the life and
7 activities of its people, and how they were directed
8 to the object of achieving by the year 1941 not only the
9 maximum production of the equipment and supplies neces-
10 sary to enable her aggressive plans to be executed, but
11 also the maximum potential for future maximum production.

12 In June 1937 the month before the Marco Polo
13 Bridge Incident the Japanese War Office prepared a
14 Five-Year Plan for the production of War Materials. At
15 that time the Defendant UMEZU was Vice-Minister of War
16 and the Defendant KAYA had recently become the Finance
17 Minister. The purpose of this plan was to ensure the
18 stimulation and control of industries in order to ob-
19 tain perfection in the wartime supply of the princi-
20 pal war materials. This plan was closely bound to
21 another plan relating to Major Industries, a product of
22 the Planning Board. These Plans and other fundamental
23 plans will be produced and explained in detail by Mr.
24 Liebert who will also show the extent to which they were
25 realised. They necessitated the artificial stimulation

1 and control of Japan's whole economy. They required a
2 national self-sufficiency to be achieved at a cost
3 which normal legitimate enterprise could not support
4 or justify. They required the application by the
5 Government of subsidies, special privileges and pro-
6 tections, grants in aid, guarantees of dividends and
7 profits and other financial concessions to selected
8 industries.

9 The Plans were based on the unification of
10 national policy with military administration. They
11 aimed at the strengthening of the productive power
12 of all war material industries as well as all major
13 industries in both Japan and Manchuria, which were cap-
14 able of conversion in war-time. They provided for the
15 acceleration of self-sufficiency in respect of raw and
16 other materials and fuel in Japan, Manchuria and China,
17 and for the speedy enforcement of control over war
18 material industries, having in mind the conversion from
19 a peacetime to a wartime basis. Emphasis was laid on
20 the speedy production of aeroplanes, arms and ammuni-
21 tions, tanks and army trucks and other equipment con-
22 stituting the main factors of fighting power as well
23 as items directly connected with such factors.

24 The Plans provided also for the fullest pos-
25 sible use to be made of the resources of Manchuria, and

1 and control of Japan's whole economy. They required a
2 national self-sufficiency to be achieved at a cost
3 which normal legitimate enterprise could not support
4 or justify. They required the application by the /
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21 tions, tanks and army trucks and other equipment con-
22 stituting the main factors of fighting power as well
23 as items directly connected with such factors.

24 The Plans provided also for the fullest pos-
25 sible use to be made of the resources of Manchuria, and

1 Korea, and other parts of the Continent which were
2 under Japan's domination.

3 It should be added that yearly production
4 and expansion objectives were set and Mr. Liebert
5 will show in several instances the extent to which
6 these were actually realised.

7 The Plans cover many other matters than
8 those I have mentioned, but it is unnecessary at this
9 stage to give further details. It is sufficient to
10 say that the Plans and Mr. Liebert's evidence will
11 show that they are as complete and comprehensive as
12 human ingenuity could make them in order to achieve
13 the object sought, namely to ensure that by the end
14 of the year 1941 Japan should be in position so far as
15 the production of war materials was concerned which
16 would enable her to put into execution her plans for
17 the conquest and domination of the countries of East
18 Asia and the Pacific Ocean.

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1 In order to show the full import and purpose
2 of the Production Plans and how they were carried out
3 Mr. Liebert will present to the Tribunal a number of
4 short surveys of selected industries. He will, for
5 example, examine the Electric Power Industry, the im-
6 portance of which in the development of industries con-
7 nected with the production of War materials cannot be
8 exaggerated. The Plans provided for an increase by
9 the year 1941 in the production of electric power from
10 hydroplants of approximately 50%, and from coal plants
11 of 35%. It will be shown that this Industry was in
12 1938 placed on a totalitarian basis by the enactment
13 of the Electric Power Control Law under which a nat-
14 ional policy company was formed. The principal ob-
15 ject of this company was to increase the electric
16 power resources of Japan and to develop them along
17 lines necessary to meet military requirements. The
18 Company was controlled by the Government, which guar-
19 anteed the principal and interest of all debentures
20 issued up to three times the capitalization of the
21 Company. It was exempted from local taxation and
22 was accorded many other direct and indirect sub-
23 sidies. In addition the Government guaranteed stock-
24 holders a dividend of 4% for 10 years.

25 The control measures were extended to the

1 distribution of electricity and it will be shown that
2 by the methods employed under the Plans, by the Laws
3 and Ordinances enacted, and the formation of national
4 policy companies and by other means, the production
5 of electric power was materially increased.

6 Mr. Liebert will also discuss what took
7 place place in connection with the development of
8 the production and importation of Petroleum, the
9 Coal Industry, the Chemical Industry, the Shipbuild-
10 ing Industry, the Iron Manufacturing Industry, the
11 production of Non-Ferrous metals such as copper, lead,
12 zinc, and tin, the Machine Tool Industry, the Motor
13 Vehicles Industry, the Aircraft Industry and other
14 industries and commodities vital to modern warfare.
15 In all these the pattern is the same. Every effort
16 that could be devised was exerted to increase pro-
17 duction. For this purpose drastic controls were im-
18 posed. The Government adopted laws and ordinances
19 to enable the Plans to be carried out. It formed
20 National Policy companies for the same purpose. In
21 short it became a totalitarian state for the purpose
22 of being able to wage war, and in so doing it com-
23 pletely abandoned normal economic standards and sub-
24 stituted an economy which was based solely on the
25 futherance of aggressive schemes for expansion and

1 the domination of other countries.

2 As regards the financial aspect of Japan's
3 war preparations, Mr. Liebert will deal with this
4 subject under two main headings. He will show that
5 totalitarian financial controls were introduced in
6 the first place in order to integrate dependent terri-
7 tories into Japan's economic system so as to obtain
8 from them materials and wealth necessary for Japan's
9 economy, and also to control the flow of money and
10 goods so as to achieve the maximum benefit of foreign
11 trade in support of industrial production for War pur-
12 poses. In the second place he will show that finan-
13 cial controls were adopted in order that the total
14 financial capacities of Japan should be used most
15 effectively in order to build up War production and
16 War production potential by direct and indirect Gov-
17 ernment spending and by rigid control over the flow
18 of money, capital and goods.

19 He will demonstrate the use made of the
20 policy of integration of territories by showing what
21 happened in Manchuria and later in Manchukuo. He will
22 show that in July 1935 an agreement was made between
23 the Japanese and Manchukuo Governments, which had the
24 effect of binding the economies of the two countries
25 practically as well as politically, and that following

1 this agreement in November 1935 the Yen Bloc was est-
2 ablished when Manchukuo's currency was deprived of
3 its silver basis and stabilized at par with the Yen,
4 thus integrating the moneys of the two countries.
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1 Evidence will also be given to show how the
2 device of the "National Policy Company" was used in
3 the integration policy, and it will also be shown that
4 so far as Korea was concerned Japan's grip of the ec-
5 onomic structure was so strong that approximately 97%
6 of all corporations doing business in Korea were con-
7 trolled by Japanese, and that a similar position ob-
8 tained in Formosa.

9 Reference will be made to the Fundamental
10 Plans which have been previously mentioned for the
11 purpose of showing the provision made therein for the
12 use of the reserves and materials of Manchuria and
13 North China, and indeed for the complete integration
14 of those areas.

15 Despite the advantages obtained by Japan by
16 the integration policy used in connection with Manchu-
17 ria and other parts of North China, there were certain
18 disadvantages caused by the currency used in occupied
19 territories being valid for circulation in Japan. Con-
20 sequently in 1938 it was decided to use in Central and
21 South China as the sole legal tender of the Japanese
22 Army certain scrip denominated in "Yen" and called
23 "Military Yen". This Military yen did not represent
24 an obligation of the Japanese Government or of any
25 Japanese Bank. They were not supported by specie or

1 foreign exchange reserve and were not convertible into
2 the free yen accounts with Japanese Banks, nor redeem-
3 able in specie or foreign exchange. They were simply
4 worthless fiat money but their employment was one of
5 the means used to force China to support the Japanese
6 Armies and the commercial undertakings of the Armies
7 at no cost whatever to Japan. The military yen were
8 used by the Army for payment of goods and services,
9 and their withdrawal was made by fiscal levy and the
10 sale of goods and services by the Army.

11 It is a fact of the utmost importance and
12 significance that it was planned by Japan to use in
13 a wholesale way this system of military currency in
14 connection with the schemes for the conquest of the
15 southern areas. Mr. Liebert will show that as early
16 as January 1941 the Japanese Government directed the
17 preparation and printing of military currency in the
18 denominations of the countries intended to be conquered.
19 He will produce secret documents which will show that
20 stocks of this currency in denominations of guilders,
21 pesos and dollars were printed for use in defraying
22 war expenditure of the Japanese Forces in the Dutch
23 East Indies, Malaya, Borneo, Thailand, and the Phil-
24 ppines. These documents will directly implicate the
25 accused KAYA, who at the time was the Finance Minister,

1 and as such issued the necessary instructions. An
2 account book of the Bank of Japan will be produced
3 which will show the amounts of this foreign currency
4 received by the Bank from May 1941 onwards pursuant
5 to the instructions contained in the documents re-
6 ferred to. In addition, as further proof, there will
7 be produced the actual engravers' plates, together
8 with some of the notes printed from these plates be-
9 fore December 1941.

10 It is submitted that this proof of the prep-
11 arations made from January 1941 onwards for having
12 available stocks of currency for use in those countries
13 which were later to be the victim of Japan's aggression
14 affords most striking and convincing evidence of the
15 existence of the conspiracy charged against the
16 Defendants.

17 Mr. Liebert will explain the steps taken by
18 Japan to endeavour to overcome the difficulties under
19 which she laboured in procuring the foreign exchange
20 necessary for obtaining from abroad the increased pur-
21 chases of machinery and equipment, petroleum, metals,
22 and other commodities essential to her policy of ex-
23 panding the production of war materials. Drastic steps
24 were taken to conserve and control all the available
25 foreign exchange and to restrict imports, and every

1 effort was made to stimulate exports and increase the
2 local gold production.

3 So far as Japan's internal financial policy
4 was concerned, (the importance of which to a programme
5 of industrial expansion was vital), Mr. Liebert will
6 show that this was provided for in the Fundamental
7 Plans, and he will explain the measures adopted. One
8 of these measures was the payment of subsidies, and it
9 will be shown that the amount paid for this purpose
10 increased from 10¹ million yen in 1937 to the very
11 large sum of over 207 million yen in 1941. Another
12 measure employed was that of the National Policy Com-
13 pany to which reference has previously been made, and
14 a detailed explanation of the distinctive features of
15 these companies and the use made of them will be given
16 by the witness.

17 It is probably unnecessary to add anything
18 more to this outline of the evidence to be given by
19 Mr. Liebert beyond saying that among other things he
20 will deal with such important matters as the War and
21 Navy Budgets and the monetary policies adopted by Japan.

22 It is submitted that the whole of the evidence
23 to be given by Mr. Liebert will help to establish in
24 a very convincing way the conspiracy to wage aggressive
25 war alleged in the Indictment and the nature of the

1 production and financial preparations made by Japan
2 to further the plans of the conspirators.

3 THE PRESIDENT: This is a convenient break.
4 We will recess now for fifteen minutes.

5 (Whereupon, at 1045, a recess was
6 taken until 1100, after which the proceedings
7 were resumed as follows:)
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1 MARSHAL OF THE COURT: The Tribunal is now
2 resumed.

3 THE PRESIDENT: Brigadier Quilliam.

4 BRIGADIER QUILLIAM: Mr. President and
5 Members of the Tribunal, turning now to the evidence
6 of General Military preparations, it will be shown
7 that from the time of the Mukden Incident in 1931
8 the size of the Army was progressively expanded so
9 that it might play its part in Japan's aggressive
10 schemes. The expansion was not made suddenly or
11 rapidly. It was, of course, necessary to move
12 cautiously at first. Evidence obtained from the
13 Japanese Government will be produced which will
14 show the Army strength expansion from the year 1930.
15 Until 1938 the number of Divisions and Independent
16 Brigades remained fairly constant, although the
17 number of troops was increased from 250,000 in 1930
18 to 450,000 in 1937. This increase was achieved by
19 increasing the strength of the formations, not by
20 increasing their number. However, in 1938, 1939,
21 1940 and 1941 the number of formations was also
22 increased so that, whereas, in 1937 there were 17
23 divisions and 5 independent brigades, by the 1st
24 January 1942 there were 56 divisions and 25 independ-
25 ent brigades, and the number of troops increased from

1 450,000 in 1937 to 1,350,000 by the 1st January
2 1941 and to 2,100,000 by the 1st January 1942.

3 Significant evidence of the aggressive
4 intentions of Japan is obtained from the function
5 and scope of the General Mobilization Law. This
6 Law, which has already been produced in evidence as
7 Court exhibit No. 84, was adopted in 1938. The War
8 Department's explanation of the measure and its ob-
9 jects will also be presented in evidence, and it
10 will be seen that what was aimed at was nothing less
11 than the control of the entire personal and material
12 resources of the country. It is not too much to say
13 that by the adoption of this Law Japan at one stroke
14 became a totalitarian state and finally committed
15 herself to a policy of aggression and expansion.
16 It enabled Japan to mobilize educational institu-
17 tions and propaganda organs in order to intensify
18 the fighting spirit of the country. It provided for
19 the control of production of all kinds, and also of
20 the export and import of commodities. All financial
21 institutions and their powers and functions came
22 within its scope, and also the control and regula-
23 tion of industries and the employment of labour.
24 Under its authority a large number of Ordinances,
25 amounting to not less than 70, in addition to more

1 than 300 rules and regulations were made. It was
2 the foundation of almost all Japan's wartime laws.

3 It is suggested that it is of the utmost
4 significance that as early as 1938 this drastic law
5 should have been adopted and such all-embracing
6 powers obtained. It is also suggested, indeed it is
7 obvious, that without those powers the War prepara-
8 tions could not have been made.

9 I now wish to refer to the significant
10 action taken when towards the end of the year 1940
11 the Total War Research Institute was established.
12 The establishment of this Institute and its activi-
13 ties constitute, it is submitted, very strong and
14 important evidence of Japan's plans and preparations
15 for aggressive war. The Institute was established
16 by an Imperial Ordinance made on the 30th September
17 1940. Article 1 of the Ordinance provided that the
18 Institute should be under the administration of the
19 Prime Minister and that it should be responsible for
20 the basic research and study in regard to total war
21 and the education and training of officials and others
22 for total war. The President was required to be of
23 Chokunin rank, that is to say, he was to be appointed
24 directly by the Emperor on the Prime Minister's recom-
25 mendation, and he was expressly placed under the com-

1 mand of the Prime Minister. Councillors were to be
2 appointed by Cabinet (subject to the Emperor's ap-
3 proval) from among the high ranking officials of the
4 various Ministries and persons of learning and
5 experience.

6 It should be mentioned that in the person-
7 nel records of the defendant KIMURA (Court exhibit
8 No. 113 under the date 5th May 1941) the name of
9 the Institute has been translated as "Total Strength
10 War Research Institute," and in the personnel records
11 of the defendant HOSHINO (Court exhibit No. 109 under
12 various dates from 1st October onwards) as "Overall
13 War Strength Experimental Station," and in the per-
14 sonnel records of the defendant SUZUKI (Court ex-
15 hibit No. 126 under the date 21st December 1940)
16 as "Total War Investigation Laboratory." It is
17 possible that there are other, similar variations
18 in the translation of the name in documents which
19 have been or will be produced in evidence.

20 The evidence will show that the Institute
21 from 1941 until March 1944 and perhaps later was an
22 important instrument in the formation, development
23 and execution of the plans of the defendants. At
24 first the defendant HOSHINO who was President of
25 the Planning Board was the Acting President, but

1 soon after its formation an experienced Army Of-
2 ficer, IIMURA, holding the high rank of Lieutenant-
3 General, was appointed President. It is interesting
4 to observe that at the time of his appointment Gen-
5 eral IIMURA held the appointment of Chief of Staff
6 of the Kwantung Army. He took up his new appoint-
7 ment in January 1941, and from that time onward
8 the activities of the Institute appear to have been
9 conducted with great energy and every subject con-
10 nected with the conduct of Total War fully investi-
11 gated.

12 The Councillors of the Institute as pro-
13 vided in Article 7 of the Ordinance were appointed
14 from among the high-ranking officials and comprised
15 for the most part the Bureau Heads of the various
16 Ministries. It should be mentioned that in May
17 1941 the defendants HOSHINO and KIMURA became Coun-
18 cillors and that the defendant SUZUKI had been ap-
19 pointed a Councillor soon after its formation,
20 namely in December 1940.

21 A list of the members of the Institute will
22 be produced. This list includes high ranking Navy
23 and Army officers, the Secretaries of some of the
24 Ministries, and members of the staffs of corporations
25 such as the South Manchurian Railway Company Ltd.,

1 Mitsui Bussan Coy, Ltd., and the Yokohama Specie
2 Bank.

3 The evidence will show that every branch
4 and department of the State's activities was repre-
5 sented among the student members by departmental
6 officers holding important positions in the various
7 ministries. In addition, there were representatives
8 from the Military Staff College, Banks, Industrial
9 Corporations, the Schools, the Manchukuo Government,
10 the Chosen Government, the Taiwan Government, and
11 the North China Area Army.

12 The Directors and other permanent officers
13 were assisted by lecturers chosen from the various
14 Ministries, and also from the Universities, from
15 leaders of Industry and Commerce and from others
16 who were experts in particular subjects. Particu-
17 lars of the subjects upon which lectures were given
18 and of the lecturers will be submitted to the Tri-
19 bunal and these will show the wide scope of subjects
20 considered by the Institute and the high standing of
21 the lecturers. To mention only a few of the sub-
22 jects, there were lectures on the fundamental prin-
23 ciples of total national war, the mobilization of
24 materials, food problems, the Steel Industry, Land
25 and Sea Communications and Transport, Finance, Foreign

1 Policy, the state of affairs in China, the United
2 States, Great Britain, the Near East, Russia, Europe,
3 Military and Naval tactics, the mobilization of mu-
4 nitions and various matters relating to the South
5 Seas.

6 It will also be shown that it was the prac-
7 tice to undertake exercises or studies called "Table
8 Top Maneuvers." These exercises had as their back-
9 ground the situation (both international and domes-
10 tic) which Japan was then facing or expected to face.
11 The students organized Cabinets, Cabinet Planning
12 Boards, and other organizations, and examined the
13 relations of Japan with America, Britain and other
14 countries and also the problems which would neces-
15 sarily arise in case Japan were to move into the
16 Southwest Pacific. To give only one example, the
17 basis of exercises which were held in August 1941
18 was (as might be expected) the hostilities which were
19 to be launched such a short time afterwards against
20 the United States, Britain and the Netherlands East
21 Indies. The American proposals for the withdrawal
22 of Japanese troops from French Indo-China and the
23 deterioration of the relations between America and
24 Japan are shown to have been accurately anticipated,
25 as was the speeding up of the active preparations

1 for hostilities made by Japan during November, and
2 their completion, and the opening of War by a sudden
3 attack in December.
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1 The only other aspect of the Institute's
2 activities which I will refer to at this stage is that
3 dealing with the publications issued by the Institute.
4 It will be shown that there were several publications
5 from 1941 onwards. Nearly all of them are marked
6 "Top Secret" or "Secret". As their titles will show
7 they deal with a wide variety of subjects. Some of
8 them deal with the investigations, and results of the
9 Table Top Manoeuvres, and it is interesting to observe
10 that for the purposes of secrecy the various nations
11 are referred to by code words or letters. Others are
12 reproductions of the work carried out by other Re-
13 search Organizations such as the Japanese Manchurian
14 political and Economic Research Institute. Other
15 subjects are the establishment of Greater East Asia,
16 Asiatic Relations, Economic Warfare, and Wartime
17 Finance. Extracts from some of these publications
18 have been presented to the Tribunal by my colleague
19 the Associate Prosecutor for Russia. Further ex-
20 tracts will be produced in evidence by Mr. English.
21 They will all demonstrate in a very striking way
22 that Japan had committed herself to a policy of
23 aggression and expansion, and that the Total War
24 Research Institute played a very important part in
25 the execution of this policy. The time it was est-
ablished, the nature of its constitution, the func-

1 tions of the Prime Minister, the high status of the
2 President and the Councillors, the fact that the **first**
3 or acting President was the Defendant HOSHINO, then
4 President of the Planning Board, and that he was
5 followed by the Chief of Staff of the Kwantung Army,
6 the comprehensive nature of the membership and the
7 wide and important scope of its activities, and the
8 fact that it continued to function for such a long
9 period during the War -- all these facts furnish
10 strong proof of Japan's aggressive intentions.

11 During the year 1941 Japan's naval and mili-
12 tary preparations became, as might be expected, more
13 definite and direct. The time was approaching when
14 the aggression plans were to be executed and it was
15 necessary for the special preparations to be made.

16 Intelligence Reports based on material
17 held by the United States authorities prior to the
18 1st January 1945 and derived from Japanese sources
19 will be produced which have, it is suggested, parti-
20 cular value. The Reports show for example that as
21 early as January 1941 the Japanese made a prelim-
22 inary aerial survey of precisely that section of the
23 Northeast Malayan Coast at Kota Bharu where the in-
24 vasion force landed on the 8th December 1941. By
25 July the necessary supplemental mapping of this
area had been carried out and in October the Naval

1 General Staff issued a detailed map of the area. The
2 Reports also show that certain periods from the 7th
3 July 1941 were devoted to preparation for the Phil-
4 ppine and Malayan operations and for the landing
5 operations which were to be made in the Greater East
6 Asia War. They also show that during August an extra-
7 ordinary number of war games were held by the Navy in
8 which two problems were studied, namely the details
9 of a naval air attack at Pearl Harbour, and the est-
10 ablishment of a schedule of operations for the occu-
11 pation of Malaya, Burma, the Netherlands East Indies,
12 the Philippine Islands, and the Solomon and Central
13 Pacific Islands. Further it will be shown that by
14 the 1st November the printing of the final text of
15 the operation order for the attacks on Pearl Harbour
16 and various other British, American, and Dutch Poss-
17 sessions had been begun.

18 There are many other important and signi-
19 ficant matters contained in these Reports. They show
20 that at a date some considerable time before the 10th
21 November, a pamphlet entitled "Just read this and the
22 War is won" was prepared, copies of which were issued
23 to every Japanese soldier before embarkation. The
24 text shows clearly the imminence of war against Great
25 Britain, the United States and the Netherlands. There
are also accounts of pre-war espionage in New Guinea

1 and Australia. There are lists of publications of
2 military significance published during 1940 and 1941
3 which have a direct relation to the operations which
4 were commenced in December 1941. It is unnecessary
5 at this stage to refer to them in detail. It is
6 sufficient to say that an examination of the material
7 contained in the Reports makes it difficult, if not
8 impossible, to avoid the conclusion that by the end
9 of October 1941 at the latest, the Japanese Govern-
10 ment had positively committed itself to the waging
11 of war against the United States, Great Britain and
12 the Netherlands, and that by the 10th November the
13 date of the commencement of the war had been decided
14 and published in the secret operation orders.

15 Mention should also be made of certain laws
16 which were enacted during the period of a few years
17 prior to December 1941 and which were, it is sub-
18 mitted, part of the War preparations made by Japan.
19 In April 1938 there was promulgated the National
20 General Mobilization Law which has already been re-
21 ferred to and which was revised in 1939 and 1941.
22 In March 1939 a law was passed for the purpose of
23 amending and strengthening the Military Service Law,
24 and in April 1941 this law was again revised. In
25 February 1941 the New Peace Preservation Law was
enacted, the principal object being the punishment

of persons seeking to change the national policy.

1 A little later the National Defense Security Law was
2 adopted. There was already in force a Military
3 Secret Protection Law designed to guard against the
4 leakage of military secrets and also a Defense Re-
5 sources Secrets Protection Law to safeguard the sec-
6 recy of the defence resources of the country. The
7 National Defence Security law was intended to pro-
8 tect the highest secrets of the State relating to
9 diplomatic, financial and economic matters. The
10 importance of these laws in the consideration of the
11 present subject lies, it is suggested, not so much
12 in the details contained in them as in the fact that
13 the enactment of such laws was a necessary part of
14 the preparations for aggressive warfare.
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16 I will now refer to the evidence relating
17 to the use made by Japan of the islands held by her
18 under mandate, for the purpose of her schemes for
19 attacking and dominating other countries. This aspect
20 of the case has, it is suggested, special importance
21 because of the clear illustration it gives of the
22 manner in which Japan, to gain her ends, violated the
23 Treaty obligations by which she was bound.

24 By the Versailles Treaty Germany surrend-
25 ered all the overseas Possessions held by her in-
cluding her islands in the Pacific Ocean north of

1 the equator, and by Article 22 of the Covenant of
2 the League of Nations it was decided that these islands
3 should be held by various nations under mandate from
4 the League. Accordingly, in 1920 all the former Ger-
5 man Islands in the Pacific Ocean situated north of
6 the Equator were by Mandate placed under the control
7 of Japan. The United States was not a party to the
8 Covenant, but by a separate Treaty made with Japan
9 in 1922 that country confirmed the Mandate.

10 It was expressly laid down in the Covenant,
11 the Mandate, and the Treaty that the Islands should
12 be held by the Mandatory Power as a sacred trust of
13 civilization for the benefit of the inhabitants, and
14 that no naval or military bases should be established
15 in the Islands nor should they be fortified.

16 Japan's Mandated Islands are in three groups
17 - the Mariana Islands, the Caroline Islands, and the
18 Marshall Islands. They comprise approximately 1400
19 islands and extend over a very large area of the
20 northern Pacific. An examination of their position
21 with respect to Japan, the Philippines, the Nether-
22 lands East Indies, New Guinea, and other countries,
23 will show very clearly their strategic value to Japan
24 if in violation of her obligations she decided to use
25 them for the purposes of aggression against those

countries.

1 Evidence to be adduced (consisting of ex-
2 cerpts from depositions made by twenty-five residents
3 of the Islands) will show that for some years prior
4 to December 1941 military and naval works of all kinds
5 were carried out on an extensive scale at many suit-
6 able strategic points. The depositions will show
7 that Naval and Military bases were established, that
8 gun emplacements were made, and also Air strips and
9 Signal and Wireless Stations, that searchlights were
10 installed, concrete trenches and bomb shelter con-
11 structed, and large underground tanks made for the
12 storage of provisions, oil, and ammunitions, and
13 barracks constructed for the accomodation of naval
14 and military troops.

15 Evidence will also be given by Admiral
16 Richardson at a later stage of the case with respect
17 to the establishment by Japan prior to December 1941
18 of fortifications and naval and military bases and
19 other installations in the Mandated Islands.
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21 There will also be evidence that the utmost
22 possible secrecy was observed in connection with all
23 these works and plans. Not only were camouflage
24 and other methods of concealment of the actual works
25 used, but for several years the Japanese Government
 adopted a deliberate policy of excluding from the

1 Islands people belonging to other countries. This
2 policy was adopted notwithstanding that when the
3 Treaty was made in 1922 between the United States
4 and Japan with respect to the Mandated Islands, an
5 assurance was given by Japan to the United States
6 that the usual comity would be extended to nationals
7 and vessels of the United States in visiting the
8 harbours and waters of the islands. The evidence
9 which will be adduced with respect to this exclu-
10 sion policy furnishes, it is submitted, proof of
11 the illegality of the naval and military establish-
12 ments which have been referred to and of the aggre-
13 ssive purposes to which it was intended they should
14 be put.

15 A file of correspondence will be produced
16 which, it is submitted, establishes that from 1933
17 onwards the NYK, the well-known Japanese Shipping
18 Company, whose ships carried passengers and goods to
19 the Islands, acted under instructions from the South
20 Seas Government Office and the Japanese Navy and
21 Foreign Ministries in refusing to carry foreigners.
22 Care was taken, of course, to ensure that these in-
23 structions and the exclusion policy itself should be
24 kept secret and false reasons were given when appli-
25 cations for passages were rejected.

1 In addition to the evidence contained in
2 the N.Y.K. correspondence file, evidence will be
3 adduced to show that Japan refused or failed to
4 grant to United States ships the privilege of Naval
5 visits of courtesy to the Mandated Islands on a
6 reciprocal basis. This evidence consists of commu-
7 nications which passed in 1936 between the Secre-
8 tary of State in Washington and the United States
9 Ambassador in Tokyo. These communications are con-
10 tained in Court Exhibit No. 58 at pages 64 to 66.
11 They show that the Ambassador pointed out to the
12 Japanese Minister of Foreign Affairs that the per-
13 sistent suspicions that Japan was fortifying the
14 Islands should be dispelled by a United States des-
15 troyer being invited by Japan to visit the Islands.
16 Japan's refusal or failure to adopt this proposal
17 in the face of the representations made by the
18 Ambassador can lead only to the conclusion that the
19 suspicions were justified.

20 It is pertinent to ask what legitimate
21 reason there could be for this policy of exclusion
22 of foreigners from the Islands. It is submitted
23 that the evidence will show that the answer must be
24 that there was none, and that the only reason was
25 that Japan was violating her obligations by forti-

1 fying the Islands to further her illegal plans of
2 aggression, and it was important for the success
3 of those plans that her actions should not be known
4 to other Nations.

5 The consideration of Japan's General Naval
6 Preparations for War will be dealt with under two
7 broad headings. Under the first will be shown the
8 action taken by Japan to free herself from the limit-
9 ations and restrictions imposed by the armament
10 limitation treaties to which she was a party. Under
11 the second will be shown the active war preparation
12 measures taken by Japan after the year 1936, when
13 she had succeeded in becoming free from those limit-
14 ations and restrictions.

15 The evidence in relation to the negotiations
16 and discussions which culminated in the denouncement
17 of the Naval Limitation Treaty made at Washington in
18 1922 and in the refusal to renew the London Naval
19 Treaty of 1930 has already been presented to the Tribunal
20 and is contained in pages 1 to 63 of Court Exhibit
21 No. 58, these pages being taken from Volume I of
22 the publication "Papers relating to the Foreign Re-
23 lations of the United States and Japan 1931-1941"

24 I propose to give an outline of these
25 matters based on the papers contained in Court Ex-

hibit No. 58. With a few exceptions it is not intended to read these papers into the Record either in this statement or later. It is thought that this method, in addition to saving time will enable the evidence with respect to the Naval Limitation Treaties and discussions to be more readily appreciated.

Soon after the First World War, that is to say, at the Washington Conference of 1922, certain Treaties, including a Treaty for the limitation of Naval Armament, were concluded. Speaking generally, the reasons which brought about these Treaties, and the objects sought by them were, that there should be an end made to a ruinous naval race that was impeding recovery from the First World War, and that a sound basis for peace in the Pacific and the Far East should be established.

The position was, if I may say so, stated most clearly and effectively in a speech made in London in 1934 by Mr. Norman H. Davis, the Chairman of the United States Delegation to the discussions in 1934 which preceded Japan's denunciation of the 1930 London Naval Treaty. This is what Mr. Davis said. I am quoting from page 25 of Court Exhibit No. 58:

"SPEECH DELIVERED BY MR. NORMAN H. DAVIS
AT LONDON ON DECEMBER 6, 1934 at a luncheon given

1 by the Association of American Correspondents in Lon-
2 don to the members of the American delegation in the
3 preliminary naval conversations."

4 There seems to be some confusion of thought
5 with regard to the matter at issue in the naval con-
6 versations, arising primarily from lack of clear
7 understanding of the fundamental difference between
8 "equality of security" and "equality of armament".

9 The difficulties in the present conver-
10 sations cannot be understood without appreciating what
11 took place at the Conference held in Washington in
12 1922, which was the first successful effort ever
13 made to reduce and limit navies.
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1 "The object of that Conference was to put
2 an end to a ruinous naval race that was impeding re-
3 covery from the World War, and to establish a sound
4 basis for peace in the Pacific and the Far East.

5 "It was at that time recognized and admitted
6 by the representatives of Great Britain, Japan, and
7 the United States, the three naval powers most direct-
8 ly concerned, that it was not possible to reach agree-
9 ment through an academic discussion of what each coun-
10 try considered its needs to be or what it required to
11 satisfy national pride.

12 "Experience having indicated that a satis-
13 factory solution of the problems of political stabil-
14 ity and of relative naval strength could not be expec-
15 ted through a continuance of the naval race, there
16 were sought agreements with regard to political ques-
17 tions together with naval questions, on a basis of
18 which not only could political stability be attained
19 and the naval race be brought to an end but naval
20 strength be reduced. The principle adopted was that
21 of equality of security.
22

23 "In order that each nation might be warran-
24 ted in subscribing to qualifications of its sovereign
25 right to maintain such a Navy as it saw fit and at the
same time feel reasonably ensured against aggression,

1 there was concluded a group of agreements, the purpose
2 of which was to remove the causes and the incentive
3 for aggression by establishing a collective system
4 for co-operation among the nations concerned in pro-
5 moting and maintaining conditions of peace in the Pac-
6 ific and the Far East. These agreements established
7 an equilibrium of political and economic rights and
8 made possible naval limitation on the basis of
9 essential equality of security. The Washington Con-
10 ference was a success because the nations represented
11 there approached in a broad and practical way the
12 problems that confronted them. No nation attempted
13 to impose its will on the others, but each was will-
14 ing to contribute something substantial to the
15 achievement of the ends desired. At that time the
16 United States had actually under construction ton-
17 nage which would have given her naval primacy but
18 which in the interests of international limitation of
19 armaments and a generally agreed upon policy of co-
20 operative effort was voluntarily relinquished.

21 "The United States does not believe and
22 does not contend that any Power should against its
23 will enter into or renew a treaty the provisions of
24 which it does not consider advantageous to itself or
25 beneficial to the world in general. It would, however,

1 greatly regret and regard as most unfortunate the
2 destruction of this system of naval limitation which
3 has proved generally beneficial and which has not
4 jeopardized the security of any nation. We do not
5 question, in fact we affirm, the inherent right of
6 any and every Power to equality of security. This, I
7 am sure, we have made abundantly plain. The essence
8 of the Washington treaty system was equality of secur-
9 ity under conditions of cooperation. The provisions
10 of the treaties negotiated and agreed upon in 1922
11 were worked out by leading statesmen of nine Powers
12 assisted by a large number of political and technical
13 experts, working over a period of several months. They
14 were agreed upon and ratified by nine governments and
15 were later adhered to by five others. The naval treaty
16 was the work of five principal naval powers, Japan,
17 Great Britain, France, Italy, and the United States.
18 None of these could have accepted and agreed to the
19 provisions of that treaty had it felt that its national
20 security was thereby menaced or impaired. Any basic
21 alteration in this system must of necessity alter the
22 security thus established.

23 "The fundamental issue in the naval conver-
24 sations now in progress is essentially as follows: Is
25 the equilibrium that was established by the system

1 security and peace which has thus far been laid. We
2 believe that the course taken in 1922 was in the
3 right direction; that the supplementary agreements
4 made in 1930 were an improvement; that the system thus
5 established has been of advantage to all concerned;
6 and that abandonment now of the principles involved
7 would lead to conditions of insecurity, of international
8 suspicion, and of costly competition, with no real
9 advantage to any nation."

10 The terms of the 1922 Naval Treaty referred
11 to by Mr. Davis in the statement I have just quoted
12 (which is already in evidence as Court Exhibit No.34)
13 and to which as has been stated Japan was a party,
14 provided for a limitation and reduction of naval arm-
15 ament based on the comparative defensive needs of the
16 Powers concerned. It stood out as a milestone in the
17 progress of civilization as being the first important
18 agreement of its kind. By the Treaty it was agreed:-
19

20 (a) To scrap a number of warships.

21 (b) To limit the construction and acquisition
22 of warships exceeding specified displacements, and the
23 calibre of the guns to be carried by them.

24 (c) To communicate to each other information
25 on any new warships proposed to be laid down.

1 worked out in the Washington treaties to be continued
2 or is it to be upset? The American Government stands
3 for continuance. The only alternative that has so far
4 been suggested is that of a new naval agreement based
5 on the principle of equality in naval armaments, a prin-
6 ciple which if adopted and applied would not give equal-
7 ity of security.

8 "The United States favors a progressive re-
9 duction in naval armaments in accordance with the prin-
10 ciples established in both the Washington and London
11 Treaties, and, under instructions from the President,
12 I have proposed a substantial all-around reduction in
13 naval armaments to be effected in such a way as not
14 to alter the relative strengths or to jeopardize the
15 security of the participating nations as established
16 by these treaties. Failing agreement upon any reduc-
17 tion, I have made known that we would nevertheless be
18 prepared to abide by the Washington Treaty and to re-
19 new the London Treaty with only such modifications in
20 detail as circumstances require and as meet the whole-
21 hearted support of the other parties thereto.

22 "We believe that only by maintenance of the
23 system of equality of security, with proportionate re-
24 ductions downward of naval strength, if possible, can
25 there be maintained the substantial foundation for se-

1 curity and peace which has thus far been laid. We
2 believe that the course taken in 1922 was in the
3 right direction; that the supplementary agreements
4 made in 1930 were an improvement; that the system thus
5 established has been of advantage to all concerned;
6 and that abandonment now of the principles involved
7 would lead to conditions of insecurity, of internation-
8 al suspicion, and of costly competition, with no real
9 advantage to any nation."

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11 to by Mr. Davis in the statement I have just quoted
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18 agreement of its kind. By the Treaty it was agreed:-
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22 of warships exceeding specified displacements, and the
23 calibre of the guns to be carried by them.

24 (c) To communicate to each other information
25 on any new warships proposed to be laid down.

1 It was also agreed that the duration of the Treaty
2 should be until the 31st December 1936, and it was
3 provided that in case none of the contracting Powers
4 should give notice two years before that date (that
5 is before 31st December 1934) of its intention to
6 terminate the Treaty, it should continue in force un-
7 til the expiration of two years from the date on which
8 notice of termination should be given.

9 It was also provided that within one year
10 after a notice of termination was given the contract-
11 ing Powers should meet in conference.

12 The next step in the movement towards
13 World Naval Limitation was the London Naval Treaty of
14 1930. On April 22nd of that year at a Conference held
15 in London a further Treaty for the Limitation and Re-
16 duction of Naval Armaments was made by the same Powers
17 as were parties to the Washington Naval Treaty of 1922.
18 This Treaty provided for a limitation of the tonnage
19 of certain types of cruisers, destroyers and submarines,
20 and in substance was a development of the principles
21 laid down in the Washington Treaty. It contained a
22 provision that the Treaty should expire on the 31st
23 December 1936, the same date as the expiration of the
24 Washington Treaty.
25

1 It will be shown that by the year 1930 the
2 Naval Leaders of Japan were chafing under the limita-
3 tions and restrictions imposed by the Washington
4 Treaty and the evidence will show that they would
5 have wrecked the 1930 Conference if they had not been
6 overruled by the Japanese Government of which HAMAGUCHI
7 was Premier.

8 Peremptory instructions had to be sent to the
9 Delegation requiring the members to accept the limi-
10 tations to which Great Britain and the United States
11 had agreed. There will be evidence to show that the
12 militarists had aroused strong opposition to the rati-
13 fication of the Treaty, but eventually the decision
14 in favor of ratification was made. It should be pointed
15 out, however, that as has been shown in the evidence
16 given before the Tribunal by the witness SPIDENAPA
17 (at pages 1323 and 1346 of the Record), in consequence
18 of the strong feeling aroused against the supporters
19 of the Treaty, Premier HAMAGUCHI was assassinated.
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1 It is suggested that the matters which oc-
2 curred in connection with the completion of the Treaty,
3 and the events which followed its completion possess
4 great significance and are particularly important be-
5 cause of the light they throw on the subsequent actions
6 of the Naval and Military leaders and of those who sup-
7 ported their plans for conquest.

8 As the London Treaty expressly provided that
9 there should be a conference in 1935 to frame a new
10 Treaty, Great Britain in May 1934 proposed to the
11 American and Japanese Governments that they should send
12 representatives to London to carry on preliminary and
13 exploratory conversations. This proposal was accepted,
14 but while Great Britain and America held discussions
15 in June and July, the Japanese delegation did not reach
16 London until October. The account of these discussions
17 contained in Court exhibit No. 58 shows that they were
18 unsuccessful, and, on 29th December 1934, Japan gave
19 notice in accordance with Article 23 of the Washington
20 Treaty of its intention to terminate that Treaty as
21 from 31st December 1936. The attitude adopted by
22 Japan was, shortly, a refusal to continue the ratio
23 system on which the existing Treaties were based, and
24 in lieu thereof Japan proposed that there should be a
25 common upper limit which should in no case be exceeded,

1 but within which limit each power would be free to equip
2 itself in the manner and to the extent which it deemed
3 necessary.

4 In October 1935 Great Britain proposed to the
5 other Powers that (in accordance with the provisions
6 for a Conference contained in the Washington and London
7 Treaties) there should be a Conference in London in
8 December with a view to the conclusion of a Treaty to
9 take the place of those two Treaties. The proposal was
10 accepted and the Conference was held.

11 The attitude of the United States (as well as
12 that of Great Britain) is so clearly set forth in the
13 speech made by Mr. Davis on behalf of the American dele-
14 gation at the first plenary session of the Conference
15 that I think it advisable to read the speech in full.
16 It is contained in Court exhibit No. 58 commencing at
17 page 38 and is as follows:-

18 "SPEECH DELIVERED BY MR. NORMAN H. DAVIS,
19 CHAIRMAN OF THE AMERICAN DELEGATION, AT THE FIRST
20 PLENARY SESSION, DECEMBER 9, 1935.

21 "Mr. Chairman:

22 "In searching for appropriate words in which
23 to express most clearly the attitude and aspirations
24 of the American Government and people in respect to
25 naval disarmament, I find that I cannot improve upon

1 the letter of guidance which the President addressed
2 to me fourteen months ago when I sailed for London to
3 participate in preliminary conversations between the
4 Governments of the United Kingdom, Japan and the United
5 States. That letter, written on October 5, 1934, was
6 as follows:

7 "In asking you to return to London to con-
8 tinue and expand the conversations begun last June
9 preparatory to the Naval Conference in 1935, I am fully
10 aware of the gravity of the problems before you and
11 your British and Japanese colleagues. The object of
12 next year's Conference is 'to frame a new Treaty to
13 replace and carry out the purposes of the present
14 Treaty.' The purposes themselves are 'to prevent the
15 dangers and to reduce the burdens inherent in competi-
16 tive armament' and 'to carry forward the work begun by
17 the Washington Naval Conference and to facilitate pro-
18 gressive realization of general limitation and reduction
19 of armament.'

20 "The Washington Naval Conference of 1922
21 brought to the world the first important voluntary
22 agreement for limitation and reduction of armament. It
23 stands out as a milestone in civilization.

24 "It was supplemented by the London Naval
25 Treaty of 1930, which recognized the underlying thought

1 that the good work begun, should be progressive - in
2 other words, that further limitation and reduction
3 should be sought.

4 "Today the United States adheres to that
5 goal. That must be our first consideration.

6 "The Washington and London Treaties were
7 not mere mathematical formulae. The limitations fixed
8 on the relative Naval Forces were based on the compara-
9 tive defensive needs of the Powers concerned; they did
10 not involve the sacrifice of any vital interests on
11 the part of their participants; they left the relative
12 security of the great Naval Powers unimpaired.

13 "The abandonment of these Treaties would
14 throw the principle of relative security wholly out of
15 balance; it would result in competitive Naval building,
16 the consequence of which no one can foretell.

17 "I ask you, therefore, at the first oppor-
18 tunity to propose to the British and Japanese a sub-
19 stantial proportional reduction in the present Naval
20 levels. I suggest a total tonnage reduction of twenty
21 percent below existing Treaty tonnage. If it is not
22 possible to agree on this percentage, please seek from
23 the British and Japanese a lesser reduction - fifteen
24 percent or ten percent or five percent. The United
25 States must adhere to the high purpose of progressive

1 reduction. It will be a heartening thing to the people
2 of the world if you and your colleagues can attain this
3 end.

4 "Only if all else fails should you seek to
5 secure agreement providing for the maintenance and ex-
6 tension of existing Treaties over as long a period as
7 possible.

8 "I am compelled to make one other point
9 clear. I cannot approve, nor would I be willing to
10 submit to the Senate of the United States any new
11 Treaty calling for larger Navies. Governments impelled
12 by common sense and the good of humanity ought to seek
13 Treaties reducing armaments; they have no right to seek
14 Treaties increasing armaments.

15 "Excessive armaments are in themselves con-
16 ductive to those fears and suspicions which breed war.
17 Competition in armament is a still greater menace. The
18 world would rightly reproach Great Britain, Japan and
19 the United States if we moved against the current of
20 progressive thought. We three Nations, the principal
21 Naval Powers, have nothing to fear from one another.
22 We cannot escape our responsibilities, joint and several,
23 for world peace and recovery.

24 "I am convinced that if the basic principle
25 of continued naval limitation with progressive reduction

1 can be adhered to this year and the next, the techni-
2 calities of ship tonnage, of ship classes, of gun cali-
3 bers and of other weapons, can be solved by friendly
4 conference. I earnestly hope that France and Italy,
5 which are full parties to the Washington Treaty, will
6 see their way to participate fully in our efforts to
7 achieve further naval limitation and reduction.

8 "The important matter to keep constantly be-
9 fore your eyes is the principle of reduction - the
10 maintenance of one of the greatest achievements of
11 friendly relations between nations.

12 "Sincerely yours,

13 (signed)

14 'Franklin D. Roosevelt.'"
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Mr. Davis' speech continues:

1 "The views set forth in this letter are
2 still expressive of what the United States would
3 like to see accomplished. Therein, there has been
4 no change. But it would be unrealistic not to
5 recognize that the situation existing at the time
6 the letter was written has undergone considerable
7 modification. The conversations last year were
8 based on the London Naval Treaty due to expire by
9 automatic limitation at the end of 1936. Since then
10 the Washington Treaty has been denounced and will
11 expire at the close of next year; certain funda-
12 mental principles on which both treaties rest have
13 been questioned; in the wake of the political
14 instability in various parts of the world, there
15 is a tendency to increase rather than to reduce
16 naval armaments; and the divergences which have
17 developed are such as to increase the difficulties
18 which confront us in seeking to reach agreement for
19 a comprehensive naval limitation.
20

21 "The first step towards overcoming these
22 difficulties is to face them frankly. The next
23 step is to concentrate on those fundamental
24 elements of mutual interest and accord which brought
25 us together here and which unite us, despite the

1 real differences that have developed.

2 "Our nations are apparently at one in
3 desiring the continuance of naval limitation and
4 reduction by international treaty - a principle
5 adopted for the first time in history in 1922 and
6 successful for a dozen years beyond any means of
7 measurement. At the time of the Washington Con-
8 ference we were still in the shadow of the World
9 War. War weary peoples who had experienced the
10 consequences of strife and discord were longing
11 for peace and recovery and praying for an era of
12 stability and good will. The Washington Treaties
13 and the later London Treaty were in harmony with
14 this profound wish. Through them, mankind was
15 freed from the threatening nightmare of a race
16 in naval armaments. Why should we now abandon
17 the invaluable mutual benefits conferred on the
18 participating peoples by the Naval Treaties, when
19 the world is just beginning to emerge from the
20 economic depression which has held it in its grip
21 for the past six years and when it is all the more
22 necessary not further to disturb international
23 relationships and retard or disrupt economic
24 recovery through a naval race? No nation desires
25 to enter such a race - no Government can afford the

1 responsibility for inaugurating it. Our task
2 during the coming weeks is to make it unnecessary.

3 "One means of accomplishing this would
4 be to agree upon a renewal of existing treaties
5 with such modifications as circumstances may require.
6 Failing this we should at any rate make every
7 endeavor, through a frank and friendly exchange
8 of views, to discover other paths to mutual under-
9 standing, which would at least prevent a naval
10 race and avoid a disturbance of the equilibrium,
11 and thus pave the way for a later more permanent
12 and comprehensive treaty. Whatever our approach,
13 our objective must be to insure that in the difficult
14 and trying years ahead of us the essential balance
15 between our fleets, which during the past years
16 has proved such a guarantee of peace and stability,
17 should be maintained by means of mutual agreement
18 rather than by expensive and dangerous competition
19 which can profit no one but must harm all.

20 "On behalf of my Government I declare
21 emphatically that the United States will not take
22 the initiative in naval competition. We want no
23 naval increase. We want limitation and reduction.
24 Our present building program, which is essentially
25 one of replacement, is consistent with this desire.

1 For ten years we ceased naval construction. Under
2 our present plans the strengths allotted to us by
3 the Londong Treaty as of the end of 1936 will not
4 be attained until 1942. We have no wish to exceed
5 those Treaty limits. I may say also that the United
6 States, which is now definitely on the way to recovery
7 from the severe depression through which it has been
8 going, and from which no nation has escaped, is most-
9 anxious to devote its energies and material resources
10 to the upbuilding of the country.

11 "However great the difficulties that
12 confront us in this Conference, we are here to
13 help remove them. With good will and patience
14 on the part of all we can find a mutually bene-
15 ficial solution. I pledge the American Delegation's
16 full co-operation toward this end."

17 That is the end of Mr. Davis' speech.

18 The attitude of Japan at the Conference,
19 and indeed before it took place, was in striking
20 contrast to that of the United States and Britain
21 as set forth in the Speech I have just read and as
22 followed in the course of the discussions. The
23 evidence will show that the Japanese Navy Ministry
24 in October 1934 issued directives to various Govern-
25 ment offices as to the propaganda measures to be

1 taken to ensure that the Washington and London
2 Treaties would be abrogated. Judging by what took
3 place at the Conference the propaganda was success-
4 ful. Japan maintained the same attitude as she
5 had at the 1934 discussions and despite the efforts
6 made by Britain and America she refused to agree
7 to any renewal of the limitations accepted by
8 the Powers under the 1922 and 1930 Treaties, and
9 persisted in her endeavor to have adopted in their
10 place the principle of the "common upper limit".
11 On the other Powers refusing to agree to Japan's
12 proposals she took the drastic and significant
13 step of withdrawing from the Conference.

14 A Treaty was concluded on 25th March 1936
15 by the United States, France and Britain, but it is
16 necessary for the present purposes to consider only
17 a few of its terms. These will be referred to later.

18 The next matter to be mentioned in this
19 outline of Naval Limitation negotiations is the
20 refusal by Japan to agree to a limitation of gun
21 calibre for battleships.

22 Japan, having refused to subscribe to the
23 1936 Naval Treaty, the Governments of Great Britain
24 and the United States endeavored to ascertain from
25 Japan whether she was prepared to accept the limi-

1 tation of 14 inches as the gun calibre of capital
2 ships. This limitation was provided for in the
3 Treaty, but it was made subject to the condition
4 that if any of the Washington Treaty Powers failed
5 to agree to it before 1st April 1937 the maximum
6 calibre should remain at 16 inches. In March 1937
7 Great Britain endeavored to obtain Japan's agreement
8 to this limitation, but was unsuccessful. In June
9 the United States Government made a further effort
10 to obtain Japan's agreement but this was also
11 unsuccessful.

12 In 1938 Japan gave still further evidence
13 of her fixed determination not to be restrained
14 in her plans for Naval expansion and (it is sub-
15 mitted) of her aggressive policy when she rejected
16 American, British and French proposals for the
17 reciprocal exchange of naval construction informa-
18 tion. The Naval Treaty of 1936 gave the American
19 Government a right of escalation in the event of
20 naval construction which was not in conformity
21 with Treaty limits being undertaken by any Power
22 not a party to the Treaty. In February 1938 the
23 United States informed Japan that there were per-
24 sistent and cumulative reports which in the absence
25 of explicit assurances from the Japanese Government

1 that they were ill-founded must be deemed to be
2 authentic. These reports were to the effect that
3 Japan had undertaken or intended to undertake the
4 construction of capital ships and cruisers not in
5 conformity with the limits. It therefore gave
6 notice to the Japanese Government that unless a
7 satisfactory assurance were obtained, it would
8 exercise its right of escalation. To the communi-
9 cation a reply was received declining to give the
10 required assurance.

11 It is submitted that the Naval Limitation
12 matters which have been referred to are of out-
13 standing importance in establishing the aggressive
14 character of the policy of those who controlled
15 Japan. In 1922 Japan was a willing party to the
16 Treaty which had such a salutary and restraining
17 effect on naval construction. By 1930 influential
18 Naval leaders and others were sufficiently powerful
19 to make a serious attempt to reverse the policy of
20 naval limitation which had been agreed to in 1922.
21 Nevertheless the Japanese Government was successful
22 in confirming that policy. By 1934, however, the
23 situation had changed, and the advocates of unre-
24 stricted expansion had achieved success. Notwith-
25 standing strong efforts made by Great Britain and

1 the United States to secure her adherence to a con-
2 tinuence and an extension of those Treaties she
3 denounced the 1922 Treaty. In 1936 she withdrew
4 from the London Naval Conference, and later refused
5 to adhere to the Treaty which resulted from that
6 Conference. In 1937 she refused to accept the
7 14-inch gun calibre limitation. In 1938 she re-
8 fused to agree to the reciprocal exchange of naval
9 construction information. These were serious steps
10 for a nation to take and they compel the question:
11 What happened after 1922 to cause this change of
12 attitude?

13 It is submitted that the answer to this
14 question is that by 1930 there had come into ex-
15 istence a conspiracy having as its object the
16 aggressive expansion of Japan and the domination
17 by her of a large part of the World; and that the
18 conspirators regarded it as essential for the success
19 of their plans that Japan should be free from the
20 restraints of the Limitation Treaties; and that by
21 1934 they had succeeded in imposing their will on
22 the country, and thereafter their power never
23 slackened. In this connection it will be remembered
24 that in September 1931 there occurred the Mukden
25 Incident -- the decisive step in the plan for the

1 conquest of Manchuria, and, following that Incident,
2 Japan rejected an offer of mediation, and refused
3 to accept the recommendations of the Lytton Report.
4 It will also be remembered that she then took the
5 extreme step of withdrawing from the League of Nations.

6 Turning now to the measures taken after
7 the expiration of the Washington and London Treaties
8 in 1936, the principal evidence on this part of the
9 case will be given by Admiral Richardson. The evi-
10 dence of this witness will relate not only to
11 Japan's Naval preparations for War, but also
12 to the attack against Pearl Harbor and other
13 matters which come within the scope of a part of
14 the case which will be presented later, namely,
15 that dealing with Japan's relations with the United
16 States and Britain. It has been decided after
17 careful consideration that instead of Admiral
18 Richardson giving evidence at this stage on both
19 subjects, or of his being called twice to the
20 witness stand and testifying separately on each
21 phase, the proper and more convenient course will
22 be for him to give the whole of his evidence at
23 the one time in the later phase of the case.

24 Although Admiral Richardson's evidence
25 will not be given at this stage, it will, I think,

1 be convenient if I refer briefly now to some of the
2 matters relating to Japan's Naval Preparations for
3 War which will be included in his evidence. I have
4 already explained that he will give additional evi-
5 dence in support of the charge relating to Japan's
6 illegal fortification of the Mandated Islands and
7 the use made of the fortifications and bases estab-
8 lished in those Islands for the purpose of the attacks
9 on Pearl Harbor and other places in December 1941.
10 In addition he will testify as to Japanese naval
11 construction in the years leading up to the out-
12 break of the Pacific War, with special reference
13 to the increase made in these years in her aircraft
14 carrier strength, an increase which played such a
15 vital part in the Pearl Harbor operation. Admiral
16 Richardson will also testify as to the use made by
17 Japan of naval espionage in her War preparations, and
18 he will show in the evidence he will give with regard
19 to the plans for the attack against Pearl Harbor
20 the use Japan was able to make of the results of
21 the careful naval preparations which for several
22 years she had been making with so much care and
23 secrecy.

24 If it please the Tribunal, that concludes
25 the opening statement, and I will now proceed to

1 present the evidence relating to Japan's Production
2 and Financial Preparations for War.

3 THE PRESIDENT: It is just noon. We will
4 adjourn until half-past one.

5 (Whereupon, at 1200, a recess
6 was taken.)
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AFTERNOON SESSION

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1 The Tribunal met, pursuant to recess, at 1330.

2
3 MATSHAL OF THE COURT: The International
4 Military Tribunal for the Far East is now resumed.

5 THE PRESIDENT: Mr. Levin.

6 MR. LEVIN: Mr. President and Members of
7 the Tribunal: The defense would like to enter its
8 objection to portions of the opening statement made
9 by Brigadier Quilliam on this phase of the case.

10
11 Owing to the fact that the opening state-
12 ment was not available to us, we have not had ample
13 opportunity to analyze the statement; that is, to
14 make that analysis that a close scrutiny of the state-
15 ment would have enabled us to make. However, it
16 contains summaries and arguments, and while I cannot
17 say for this statement that it contains any inflamma-
18 tory matter, nevertheless it seems to us that it goes
19 beyond the directions of this Court with reference to
20 making an opening statement and beyond the provision
21 of the Charter which requires that the opening state-
22 ment shall be concise.

23 I should like to point out to the Tribunal
24 that the opening statement of the learned Chief
25 Prosecutor of the United States was only fifty-five

1 pages, and several of the other opening statements
2 with reference to various other phases that have been
3 presented have been as long or longer than that state-
4 ment; and although the statement in question does not
5 offend in that regard, nevertheless it does offend in
6 other respects.

7 In addition to what I have called to the
8 attention of the Tribunal, this statement, it seems
9 to us, goes beyond that of any of the other state-
10 ments in that it quotes, at length, evidence. While
11 in the proper presentation of an opening statement
12 it may be necessary at some time to make a short
13 quotation from some prospective document that it is
14 intended to use, it seems to me that it goes beyond the
15 propriety of such an opening statement to quote at
16 length speeches made at a correspondents' dinner or
17 luncheon or on some other occasion.

18 Mr. President, the Tribunal through you has
19 expressed its sympathy with defense counsel with re-
20 spect to opening statements, and it seems to us that
21 there has been no regard for the direction of the
22 Court with respect thereto. In other words, the
23 opening statements still continue to be as long as
24 the original opening statement of the prosecutor, and
25 offend in other respects.

1 We therefore, Mr. President, request a
2 further direction by the Tribunal to the prosecution
3 that in the future they should abide by its direction.
4 In addition thereto, we believe that the Court will now
5 direct the prosecution to deliver to us in advance
6 their opening statements, which I believe they ought
7 to do. I think they should be required to do so as
8 a matter of esprit de corps. We have been unwilling
9 to interrupt counsel in their opening statement, be-
10 cause we felt that to do so as they were making it
11 would interfere very largely with their presentation
12 of the case; and I believe the Court originally sug-
13 gested that the opportune time to make objections
14 would be at the conclusion of the statement rather than
15 interrupt because that would take up a great deal of
16 time.
17

18 We do not, Mr. President, wish to take up
19 any unnecessary time and feel that if the Court does
20 not direct that the prosecution furnish us at least
21 twenty-four hours in advance with an opening statement,
22 or if they do not furnish us one as a matter of courtesy,
23 unless the Court would not permit us to do it, we would
24 of necessity be required to object during the course
25 of the presentation of the opening statement, which
we believe would not be in the interests of a speedy

1 trial.

2 THE PRESIDENT: As compared with the open-
3 ing statements at Nuernberg, the Chief Prosecutor's
4 statement here is very brief. No doubt Mr. Keenan
5 made it short because he knew that there were to be
6 other opening statements preceding each phase of
7 this case. Most of Mr. Keenan's statement was de-
8 voted to the law, I think. He left the facts to be
9 opened by the prosecutors in charge of each section.

10 I expected that the New Zealand opening, or
11 the opening of this phase, would not be objected to
12 to any extent. Apart from the reference to Mr. Davis'
13 speeches and President Roosevelt's letter, it was
14 really a concise statement, and, as you say, Mr.
15 Levin, a very temperate statement. We have had Mr.
16 Davis' speeches and President Roosevelt's letter in
17 extenso, so no time will be wasted because I do
18 anticipate that Brigadier Quilliam will not read
19 those speeches and that letter when he is giving
20 evidence. He will be satisfied to refer to them.

21 As regards delivering a copy of the opening
22 to the defense counsel, well, I have no doubt that
23 all we have to express to Brigadier Quilliam is a
24 wish that he will do so -- rather, I should say to
25 the prosecutors in charge of the subsequent sections.

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22 to the defense counsel, well, I have no doubt that
23 all we have to express to Brigadier Quilliam is a
24 wish that he will do so -- rather, I should say to
25 the prosecutors in charge of the subsequent sections.

1 Brigadier Quilliam has delivered a copy of his open-
2 ing statement to the defense already. However, what
3 you have said, Mr. Levin, will be taken into consider-
4 ation by the Tribunal.

5 Brigadier Quilliam.

6 BRIGADIER QUILLIAM: Mr. President and
7 Members of the Tribunal, may the witness, Mr. Liebert,
8 be called to the witness stand.

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LIEBERT

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1 JOHN GRANVILLE LIEBERT, called
2 as a witness on behalf of the prosecution, being
3 first duly sworn, testified as follows:

DIRECT EXAMINATION

BY BRIGADIER QUILLIAM:

6 Q Your name, Mr. Liebert, is John Granville
7 Liebert?

8 A That is correct.

9 Q You are a citizen of the United States?

10 A I am.

11 Q You hold the university degrees of Bachelor
12 of Philosophy and Master of Laws?

13 A I do.

14 Q You have been for several years a student of
15 economics and finance, including both public and
16 private finance?

17 A That is correct.

18 Q You were employed for a period by the United
19 States Department of Agriculture as an attorney?

20 A I was.

21 Q Your duties were primarily in connection with
22 the relationship between the Department and municipal
23 corporations and private businesses?

24 A That is correct.

25 Q Prior to the war you carried on practice as

LIEBERT

DIRECT

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16 private finance?

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19 States Department of Agriculture as an attorney?

20 A I was.

21 Q Your duties were primarily in connection with
22 the relationship between the Department and municipal
23 corporations and private businesses?

24 A That is correct.

25 Q Prior to the war you carried on practice as

LIEBERT

DIRECT

1 a specialist in business matters, did you not?

2 A Yes, I did.

3 Q Did your practice include the formation and
4 reconstruction of corporations, and the investigation
5 and reorganization of the affairs of corporations and
6 other businesses?

7 A Yes, it did.

8 Q Were you recalled while serving in the United
9 States Navy in 1944; were you recalled to the United
10 States in order to take special courses in military
11 government?

12 A Yes, I was recalled to the States in October
13 of 1944.

14 Q And did you take special courses in the
15 government and economic structure of Japan?

16 A Yes, I did, both at Princeton University and
17 at Stanford.

18 Q I understand that shortly after Japan's sur-
19 render you were sent out to Japan?

20 A I departed from the States on the 28th of
21 September, 1945, and have been in Japan ever since.

22 Q And since that time you have been employed,
23 have you not, in the Economic and Scientific Section
24 of SCAP as a legal adviser and Chief of the Controls
25 and Cartels Section?

1 A Yes, I have been with the Economic and
2 Scientific Section.

3 Q Have you been specially engaged since May
4 1946 in investigating the production and financial
5 preparations for war made by Japan?

6 A Yes, I have been engaged in such a study.

7 Q Was this for the purpose of your giving
8 evidence before this Tribunal?

9 A Yes, it was.

10 Q In making that investigation, have you had
11 full access to all branches of SCAP?

12 A Yes, both in my capacity as Chief of the
13 Controls Section and for the purpose of preparing
14 evidence to be given at this Tribunal, I have had
15 access to all parts of SCAP as well as all parts of
16 the Japanese Government.

17 Q Have you also had access to the records of
18 control institutions and organizations and to the
19 heads and officials of such institutions?

20 A Yes, I have. I have had access to all
21 records which I thought might be of advantage to get
22 the information necessary to prepare a statement for
23 this Tribunal.

24 Q For the same purpose have you held conferences
25 and discussions with Japanese ministers and officials ,

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1 government officials?

2 A Yes, I have.

3 Q And also with the Japanese budget officials
4 and other financial authorities?

5 A Yes, I have.

6 Q Have you obtained reports, information, and
7 statistics from all these sources and also many other
8 sources?

9 A Yes, I have, from not only sources within
10 Japan but outside Japan.

11 Q In particular, have you obtained information
12 from the branches of SCAP which have been investigat-
13 ing particular industries and Japanese Government
14 activities?

15 A Yes, I have. We have within the Economic
16 and Scientific Section many independent groups making
17 special studies of specific industries, and in addi-
18 tion the Economic Research Section itself, which makes
19 both specific and general studies.

20 Q Have you made an examination and analysis
21 of all the information you have obtained and checked
22 and verified it as far as you possibly could?

23 A Yes, I have. I have done everything within
24 my power to get the truth and verify the accuracy of
25 all reports which I have before me.

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1 Q Have you, in addition, examined the relevant
2 Japanese laws, ordinances, and regulations?

3 A I have had translations of the laws made from
4 the Japanese, particularly for my work, and have exam-
5 ined those translations. I do not read Japanese.

6 Q Have you prepared a statement embodying the
7 results of your investigation?

8 A Yes, I have prepared a statement.

9 Q And you now produce that statement.

10 BRIGADIER QUILLIAM: May the witness identify
11 the statement, sir, if that is necessary?

12 Q Is that your statement?

13 A Yes, this is my statement.

14 THE PRESIDENT: Mr. Blewett.

15 MR. BLEWETT: If your Honor please, if the
16 prosecution intends to put this witness on as an
17 expert, we would like the right to cross-examine him
18 as to his abilities and training.

19 THE PRESIDENT: If you admit the truth of
20 what he said, you can hardly question his ability or
21 his experience.

22 Do you question that he has the degrees and
23 that he had the interviews that he claims to have
24 had, and that he had access to the materials that he
25 claims to have had? I am only thinking of the time

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1 that is being wasted unnecessarily in questioning
2 the ability of a man like this. However, go ahead,
3 Mr. Blewett. I do not want to stop you.

4 MR. BLEWETT: The prosecutor -- one question,
5 as an example: Did you practice as a specialist in
6 business matters after the war? There is no time
7 given or any period.

8 THE PRESIDENT: However, he is a witness of
9 the greatest importance as against the defense, and you
10 should have an opportunity to test his experience.

11 MR. BLEWETT: Thank you.

CROSS-EXAMINATION

12
13 BY MR. BLEWETT:

14 Q Mr. Liebert, what is your age?

15 A I am thirty-one.

16 Q What is your institution of learning where
17 you obtained your Bachelor of Philosophy?

18 A Creighton University, College of Arts and
19 Sciences.

20 Q You mean that is an A. B. in philosophy, is
21 that correct?

22 A No, technically it is a Ph.B., Bachelor of
23 Philosophy in philosophy.

24 Q Where did you obtain your Bachelor of Arts
25 degree?

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CROSS

1 A The Bachelor of Philosophy degree in American
2 institutions is the equivalent of a Bachelor of Arts
3 degree. Some institutions give a Bachelor of Arts
4 degree. Creighton gives a Bachelor of Philosophy,
5 in addition to a Bachelor of Arts.

6 Q Does that mean that you majored in philosophy;
7 is that correct?

8 A I actually had three major subjects to ful-
9 fill the requirements of a Bachelor of Arts degree, but
10 in addition, work in philosophy. You would call my
11 major subject philosophy, yes.

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1 Q What year did you obtain this Bachelor of
2 Philosophy?

3 A In 1935.

4 Q What year did you obtain your Master of Laws?

5 A In 1938.

6 Q Was your formal education concluded at that
7 time?

8 A I don't know what you mean by formal educa-
9 tion, but I have since that time taken many special
10 courses such as problems in securities regulations
11 before the Securities and Exchange Commission, methods
12 of analysing documents from an accountant's point of
13 view for special hearings before commissions, such
14 things as that.

15 Q Do you have any degrees in economics?

16 A I haven't been awarded a degree in economics.

17 Q When were you employed by the U.S. Department
18 of Agriculture?

19 A From 1938, upon leaving school, until the
20 commencement of my commission, that is, the commence-
21 ment of active service as an officer in the United
22 States Navy.

23 Q What was that date, Mr. Liebert?

24 A April 15, 1942.

25 Q Just exactly what was your position with

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1 the Department of Agriculture?

2 A I was employed by the Solicitor's Office;
3 Masten G. White was the Solicitor of the Department
4 of Agriculture at that time.

5 Q I take it, therefore, then, that your work
6 was strictly legal or largely legal?

7 A "Legal" is a very broad term. I am not a
8 court lawyer. I have never conducted a trial.

9 Q But were you not engaged as an attorney?

10 A That is quite true, Mr. Attorney, but my work
11 is in that field, shall we say the legal end of economics
12 and business. Shall I illustrate what I mean?

13 Q Yes, yes; by all means.

14 A In the development of an analysis of a
15 business, it is necessary to understand the laws per-
16 taining to a particular business and their relation
17 to the techniques of the operation of that business
18 itself. I have made that my practice.

19 Q I take it that your work was to look up the
20 law on a particular question and so advise your chief,
21 is that correct?

22 A That is partly correct.

23 Q Now, I think the counsel asked you if you
24 could not work in the relationship between the Depart-
25 ment and private business. May we assume that the

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1 work in that connection was legal also?

2 A Yes.

3 THE PRESIDENT: Ordinarily, Mr. Blewett, it
4 doesn't take long for counsel to satisfy the Court
5 one way or another as to the expertness or lack of
6 it in the case of a witness of this kind. It is
7 commonly allowed the defense, at an early stage, as
8 soon as a witness of this type goes into the box, to
9 cross-examine him as to his qualifications, but
10 ordinarily the cross-examination doesn't take very long
11 and details like this are not gone into.

12 Q Well, then, Mr. Liebert, may we take it that
13 this work that you have been engaged in in Japan
14 since you came here is purely investigatory in manner?

15 A No, no; that isn't true in its complete
16 sense. Investigation is only the first part. During
17 the war all the Japanese business was controlled by
18 control associations, special laws, special corpor-
19 ations, legal mechanisms of all sorts. It has been
20 my job to find out what these things are, why they
21 were so, how best to divorce them from the economic
22 structure of Japan so that it may be reorganized. I
23 might add that as Chief of Control Section I have
24 reorganized methods of distribution of materials, of
25 supply and demand, within entire industries, It was

LIEBERT

CROSS

1 my purpose to do that within the entire business field
2 in Japan. So the collection of information was merely
3 the first step to making the final policy decision
4 in these matters.

5 THE PRESIDENT: Mr. Blewett, you will be able
6 to cross-examine again after he has given evidence in
7 chief.

8 MR. BLEWETT: Yes, I understand.

9 Q What other problems of this magnitude have
10 you been engaged in, if any?

11 THE PRESIDENT: He has never been engaged
12 in a problem of this magnitude.

13 A I am afraid --

14 Q I will reframe that question, please. What
15 other types of this work have you engaged in?

16 THE PRESIDENT: That is a useless question,
17 Mr. Blewett. I don't like saying it to you but you
18 know very well that this is so peculiar that it had
19 no precedent.

20 MR. BLEWETT: My purpose, if your Honor
21 please, is to find out if the witness is qualified
22 to give conclusions as he undoubtedly will do in his
23 statement.

24 That is all then, your Honor.

25 THE PRESIDENT: Brigadier Quilliam.

LIEBERT

1 BRIGADIER QUILLIAM: May it please your
2 Honor, does your Honor desire to hear more on that
3 question of Mr. Liebert's qualifications as a witness?

4 THE PRESIDENT: None of my colleagues has
5 intimated any desire to hear any more and I certainly
6 don't. This would be a colossal task for any witness.
7 He would have had no experience on this kind of thing
8 before. We know that. We don't want to be told that.

9 BRIGADIER QUILLIAM: Then, if it please your
10 Honor, I produce the witness' statement and ask that
11 it be allotted an exhibit number.

12 CLERK OF THE COURT: Prosecution document
13 No. 9030 will be given exhibit No. 840 for identification.

14 (Whereupon, the document above referred
15 to was marked prosecution's exhibit No. 840 for
16 identification only.)

17 THE PRESIDENT: Mr. Logan.

18 MR. LOGAN: If the Tribunal please, the de-
19 fendants' objection to Mr. Liebert's testimony in
20 testifying by means of a statement has been presented
21 in Chambers so I shan't repeat them here. While
22 there was no definite date set forth in the order for
23 the service of this document, which is 127 pages, on
24 the attorneys for the defense, it was understood that
25 we were to receive it as quickly as possible.

LIEBERT

1 THE PRESIDENT: Ten days was the time speci-
2 fied.

3 MR. LOGAN: The English copy was served on
4 October 3, but the Japanese copy wasn't served on the
5 Japanese attorneys until Thursday afternoon, October 18.
6 We do not propose to object to introducing the docu-
7 ment at this time on that ground, but we would like
8 the Court to understand that in order to prepare for
9 the cross-examination it will be necessary for the
10 Japanese attorneys to take this matter up with their
11 clients who, of course, only understand Japanese. I
12 would, therefore, like to have permission of the
13 Tribunal to suspend cross-examination when Mr. Liebert
14 has finished his direct for a period of about a week
15 so that the Japanese may prepare for it.

16 THE PRESIDENT: There is no need to suspend
17 the American counsels' cross-examination, Mr. Logan.

18 MR. LOGAN: With this exception, your Honor,
19 that the American attorneys haven't been able to find
20 out from their clients because they haven't had an
21 opportunity to go over the document, so it may be
22 necessary that some American attorneys also would ask
23 for an extension to time too.

24 THE PRESIDENT: Most of the Japanese counsel
25 who come to that lectern either speak English or read

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1 it. Still I am very sorry to hear that the Japanese
2 translation was not served at the time I prescribed,
3 that is, not later than ten days before the evidence
4 was to be given. I hope it won't be necessary to
5 postpone the cross-examination by the Japanese counsel.
6 I feel at present that it won't be necessary. However,
7 we will decide the matter later, Mr. Logan.

8 MR. LOGAN: I believe time would be saved by
9 doing it, your Honor. We would have a more orderly
10 cross-examination.

11 THE PRESIDENT: Brigadier Quilliam.

12 BRIGADIER QUILLIAM: If it please the Tribunal,
13 may I say this in explanation? It was never appreciated
14 that the Tribunal required that the Japanese transla-
15 tion should be served the period ahead of the giving
16 of the evidence that was prescribed.

17 THE PRESIDENT: Well, I accept Japanese
18 counsel as being on an equality with American counsel.

19 BRIGADIER QUILLIAM: Yes. The English
20 copies were served many more days in advance of the
21 giving of the evidence than was required by the Tri-
22 bunal. Since the English were served eighteen days
23 ago, so far as I am aware no request for a Japanese
24 translation has been made.

25 THE PRESIDENT: Well, Japanese counsel should

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1 be particularly helpful to their American colleagues
2 on a matter like this.

3 BRIGADIER QUILLIAM: Yes.

4 THE PRESIDENT: However, we hope there will
5 be no practical necessity at all events for any post-
6 ponement of the cross-examination, and we are governed
7 by practical necessities.
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DIRECT

1 BRIGADIER QUILLIAM: If the Tribunal please,
2 I will ask the witness to read the statement.

3 Q Will you proceed, please?

4 A "Preparation for war is disclosed in great
5 measure by direct examination of the trends of raw
6 material supply and industrial production. Enormous
7 amounts of equipment of various sorts are necessary
8 to the conduct of modern warfare. These equipments,
9 in many cases, differ radically from those normally
10 used in peace time economy. In other cases, the
11 equipments are the same but the amounts and proportions
12 are different. Hence to disclose preparation for war
13 one must examine the end products of industrial acti-
14 vity subjectively and proportionately, as well as the
15 flow of raw materials which are used, either immediate-
16 ly or potentially, in the manufacture of war products
17 and equipments. Responsibility for directing the
18 flow and expansion of production of raw materials
19 and for establishing specialized industrial production
20 for war preparation is best shown in the methods by
21 which such objectives are achieved.

22 "The Outline of the Five-Year Plan for pro-
23 duction of War Materials prepared by the War Office,
24 dated June 23, 1937 (IFS Document 9002 A) is a plan
25 for achieving a wartime supply of principal war

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DIRECT

1 materials. Its purpose is to provide stimulation
2 and control of industries to secure the specific
3 end products which are vital to military effort."

4 BRIGADIER QUILLIAM: If the Tribunal please,
5 I offer in evidence IPS Document No. 9002-A.

6 THE PRESIDENT: Admitted on the usual terms.

7 CLERK OF THE COURT: Prosecution document
8 No. 9002-A will receive exhibit No. 841.

9 (Whereupon, the above-mentioned
10 document was marked prosecution's exhibit
11 No. 841 and received in evidence.)

12 BY BRIGADIER QUILLIAM: (Continuing).

13 Q Will you continue, please?

14 A I will read the preface, page one of that
15 document:

16 "OUTLINE OF THE FIVE YEAR PLAN FOR PRO-
17 Duction OF WAR MATERIALS. MILITARY SECRET.

18 1.) This outline, whose two primary ob-
19 jects lie in the perfection of war preparations
20 simultaneously with the realization of the 5 Year
21 Plan for Major Industries, has been drafted with
22 the purpose of unifying the Army's policies princi-
23 pally within the sphere of handling of matters by
24 military administration, in regard to the expansion,
25 cultivation and control, etc., of munition industries

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DIRECT

1 so as to insure perfection in the wartime supply of
2 principal war materials.

3 "2.) Such factors as funds, raw materials,
4 materials, fuel, machinery, labor, technic, motive
5 power and transportation, etc., that are likely to
6 crop up in connection with the realization of this
7 outline, shall be merged into the afore-mentioned
8 Outline of the 5 Year Plan for Major Industries.

9 "In addition to this, as for the aircraft
10 industry and automobile industry, they have been
11 classified under the scope of the synthetic national
12 policy due to there being so many requiring disposi-
13 tion by national measures. However, those deemed
14 especially necessary under the respective related
15 items have been inserted, also, in this Outline in
16 order to regulate the Army's policies. This applies,
17 also, to the machine industry.

18 "3.) The term 'munition industries' in
19 this outline refers not only to industries engaged in
20 the manufacture or repair of finished goods or parts
21 for war purposes, but applies also to vital raw mater-
22 ial industries.

23 "Furthermore, where necessary, the policies
24 towards industries to be converted into the afore-
25 mentioned industries in time of war have also been

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made expressly clear in this Outline.

"4.) From the standpoint of controlling the pace of its execution, this Outline shall depend firstly on the basis of the fixed war budget.

"On measures planned outside of the aforementioned basis, special attention should be paid so as to avoid any confusion in regard to their description."

BY BRIGADIER QUILLIAM: (Continuing).

Q Will you continue with the reading of the statement, please?

A "To make possible the achievement of this basic Plan for production of the end products many supporting plans were made by the government. Three of these basic plans are contained in the document entitled 'Particulars in Framing a Program for Extension of Important Industries', IPS document 1522. The relationship of these three plans to war production is clear from the plans themselves."

BRIGADIER QUILLIAM: If the Tribunal please, I offer in evidence document 1522.

THE PRESIDENT: Admitted on the usual terms.

CLERK OF THE COURT: Prosecution document No. 1522 will receive exhibit No. 842.

(Whereupon, the above-mentioned docu-

LIEBERT

DIRECT

1 ment was marked prosecution's exhibit No. 842
2 and was received in evidence.)

3 BY BRIGADIER QUILLIAM: (Continuing).

4 Q Will you continue, please?

5 A I will read the following excerpts from IPS
6 document 1522 to fix this relationship, pages 1, 2
7 and 3 of part I; page 1 of part II; page 1 of part III;
8 Pages 1, 2 and 3 of part I:

9 "ESSENTIALS OF 5-YEAR PROGRAM OF IMPORTANT
10 INDUSTRIES. WAR MINISTRY, 29 May 1937.

11 "I Principle: We plan systematically to pro-
12 mote the activity of important industries generally
13 by 1941, so that, if anything happens, our country
14 may be capable of self-supplying the important ma-
15 terials in Japan, Manchuria and North China and also
16 to realize long-stride advancement of the nation's
17 strength in peace time, ensuring the actual power of
18 leadership in East Asia.

19 "II Outline: This program, having in view five
20 years from 1937 to 1941 as its first period, is to
21 strictly select the classes and goals of important
22 industries for the national defense and to control
23 and encourage the realization production. Although
24 five years has been set as a general period, the ex-
25 tent and time of achievement of the advancement and

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DIRECT

1 expansion shall be adjusted in conformity with the
2 degree of demand for the various materials.

3 "According to the degree of progress of
4 the first period, necessary plans shall be prearrang-
5 ed for the second period.

6 "2. Although our Empire is made the subject
7 in the promotion of important industries for national
8 defense, the requisite industries (for national de-
9 fense) should be pushed ahead to the continent as far
10 as possible according to the principle of right work
11 in the right place with Japan and Manchuria as a
12 single sphere and in consideration of their necessity
13 in our national defense, and, furthermore, observing
14 the farsighted future policy of our Empire, we should
15 pick out the most important resources, should inge-
16 niously take the initiative in economic exploitation
17 of North China, and should make efforts to secure its
18 natural resources.

19 "3. In carrying out this program, it is
20 considered advisable to avoid causing an abrupt change
21 in our present system of capitalism. However, proper
22 and timely measures should be taken in connection
23 with the control of circulation of money, finance,
24 prices of goods, trade, settlement of accounts with
25 foreign countries, transportation, distribution (of

LEIBERT

DIRECT

1 commodities), labour, and non-important production
2 and consumption so as to ensure the wholesale and
3 satisfactory progress of the program."

4 THE PRESIDENT: This is a convenient
5 break. We will recess now for fifteen minutes.

6 (Whereupon, at 1445, a recess was
7 taken until 1500, after which the proceed-
8 ings were resumed as follows:)

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1 MARSHAL OF THE COURT: The Tribunal is now
2 resumed.

3 THE MONITOR: The Japanese reading of the
4 document is behind, so the reading will proceed.

DIRECT EXAMINATION

6 BY BRIGADIER QUILLIAM (Continued):

7 Q. Will you please continue with the reading
8 of the document, witness.

9 A "4. In the promotion of important industries,
10 those elements such as technique, capital, raw
11 materials, etc., should be coordinated, and per-
12 ceiving the mutual relationship of the various
13 industries, we should eliminate any discord among
14 them. However, we must distinguish the degree of
15 importance and urgency and pick out in the first
16 place the most important and urgent ones and en-
17 courage their achievement. With the above in view,
18 the important items to be taken up with priority in
19 our first period program are listed as follows:

- 21 "1. Munitions industry
- 22 "2. Aircraft industry
- 23 "3. Automobile industry
- 24 "4. Engineering machinery industry
- 25 "5. Iron and steel industry
- "6. Liquid fuel industry

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1 "7. Coal industry

2 "8. General machinery industry

3 "9. Aluminium industry

4 "10. Magnesium industry

5 "11. Shipbuilding industry

6 "12. Electric power industry

7 "13. Railway car industry

8 "The promotion of the Munitions and Aircraft

9 Industries should be in accordance with the plan

10 separately framed by the Army, but, elements such

11 as funds, machinery materials, labour, fuel, motive

12 power, etc., which should be dealt with and arranged

13 in parallel with the promotion of general important

14 industries, are included in this program.

15 5. Based on the foregoing principles, the general

16 goal for the promotion of important industries

17 and their arrangement in Japan and Manchuria are

18 roughly shown in the attached table."

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Page 1 of Part II:

RESUME OF POLICY RELATING TO
EXECUTION OF SUMMARY OF
5-YEAR PROGRAM OF
IMPORTANT INDUSTRIES"

"Tentative Draft by Army,

10 June 1937

"Outline of Plan for Expansion of Productive Power. In view of the present situation at home and abroad, this plan aims at the repletion and strengthening of the power of our nation, which is the stabilizing force of East Asia, and at the establishment of a comprehensive productive power expansion plan for Japan, Manchoukuo and China, which will bring about the realization of the necessary goal in regard to important national defense and basic industries by 1941, in order to be prepared for the epochal development of our country's destiny in the future; to be attained in spite of all difficulties.

"I. Basic Policy.

"A. The scope of this plan chiefly aims at the perfection of the foundation of national defense, and is particularly restricted to essential industries requiring rapid expansion under a unified plan."

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1 "B. This plan is for the establishment of
2 a plan for the expansion of the productive power of the
3 major industries of our country based on the policy
4 for the establishment of a comprehensive plan for
5 Japan, Manchoukuo and China through close contact and
6 coordination among Japan, Manchoukuo, and China.

7 "C. This plan aims at the establishment
8 of self-sufficiency in regard to important resources
9 within the sphere of our influence and thereby avoid
10 depending on the resources of a third power as far as
11 possible even in time of an emergency.

12 "OUTLINE OF THE PLAN FOR THE
13 EXPANSION OF PRODUCTIVE POWER By
14 PLANNING BOARD

15 (Decided by Cabinet Conference) Jan 1939"
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Page 1 of Part III:

1 "In view of the present situation at home and
2 abroad, this plan aims at the repletion and strength-
3 ening of the national power of our country which is
4 the stabilizing force of East Asia, and for the es-
5 tablishment of a comprehensive productive power ex-
6 pansion plan for Japan, Manchoukuo and China, which
7 will bring about the realization of the necessary
8 goal in regard to important national defense and
9 basic industries by 1941, in order to be prepared for
10 the epochal development of our country's destiny in
11 the future, and the realization of this is expected
12 at all cost.
13

14 "1. Basic Policy.

15 "(1) The scope of this plan chiefly aims at
16 the perfection of the foundation of national defense
17 and is restricted to major industries requiring rapid
18 expansion under a unified plan.

19 "(2) This plan is for the establishment of
20 a plan for the expansion of the productive power of
21 the major industries of our country based on the
22 policy for establishment of a comprehensive plan for
23 Japan, Manchoukuo and China through close contact
24 and coordination among Japan, Manchoukuo and China,
25

"(3) This plan aims at the establishment

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1 of self-sufficiency in regard to important resources
2 within the sphere of our influence and thereby avoid
3 dependency on the resources of a third power as far
4 as possible in time of an emergency.

5 "2. Aim.

6 "The types of planned industries, the pro-
7 duction goal to be achieved in 1941 by this plan and
8 the yearly production estimates are as follows:

9 "3. The trends of material and industrial pro-
10 duction and methods of government control during the
11 years immediately preceding December 1941 will be
12 discussed specifically in several short surveys of
13 selected industries. One must bear in mind, however,
14 the interrelationship of industries and the conse-
15 quent necessity for visualizing the industrial field
16 as a whole to show the pattern of the general trend
17 of production in preparation for war as reflected
18 in the separate surveys.

19 "ELECTRIC POWER INDUSTRY

20 "4. The importance of the utilization of elec-
21 tric power in the development of certain industries
22 cannot be over-emphasized. The electric power in-
23 dustry was one of the first Japanese industries to
24 be nationalized and, as such, was one of the origin-
25 al pillars in the 'new structure' in support of total

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1 war. Prior to 1938, the electric power industry
2 was operated by a large number of companies each of
3 which served a particular area and usually combined
4 in itself the functions of generation, transmission
5 and distribution. However, in addition to these,
6 many factories maintained their own private power
7 plants within their compounds.

8 "5. The Outline of the Plan for the Expansion
9 of Productive Power of the Board of Planning (Part
10 III of IPS Document 1522) aimed at an increase in
11 the production of electric power by hydroplants of
12 2,693,700 k.w. for the four-year period. This is
13 approximately a 50% expansion. The Plan also aimed
14 to increase production of electric power from coal
15 by 1,000,000 k.w. This represents an approximate
16 expansion of 35% for the same four-year period. When
17 one considers the enormous amount of capitalization
18 and equipment necessary to produce this kind of an
19 increase in power generation within such a short
20 period one is aware of the enormous importance of
21 electric power in the planned expansion of indus-
22 tries.

23 "6. In furtherance of the plans for the expan-
24 sion of industry the first step towards organizing
25 the power industry on a completely totalitarian basis

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1 was taken in March, 1938 with the promulgation of
2 the Electric Power Control Law. By means of this
3 law and subsequent enacting Ordinance, a national
4 policy company called the 'Japan Electric Generation
5 and Transmission Company' was organized. All utility
6 companies designated by the Communications Minister,
7 who was in charge of power production, were required
8 to turn over all of their hydro-electric plants to
9 this new company in return for stock. This excepted
10 many of the small factory plants. All plants, how-
11 ever, for the development of hydro-electric power and
12 of transmission facilities were taken over by the
13 Company in 1941.

14 "7. The Japan Electric Generation and Transmis-
15 sion Company was established in order to harness
16 Japan's electric power resources to the war machine
17 by means of a planned rationalization of equipment
18 and operating practice. In the preamble the Five-
19 Year Electric Power Plan outlined the principal ob-
20 jectives of the Company as follows:

21 "(1) To increase the electric power resources
22 of Japan and develop them along lines aimed at meet-
23 ing military requirements.

24 "(2) To coordinate the operation of the
25 power networks so as to use the existing facilities

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1 most efficiently.

2 "(3) To promote the construction and
3 operation of larger and more efficient power plants
4 and to repair the less efficient plants.

5 "(4) To economize on materials used in the
6 construction of power installations."
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1 "The Japan Electric Generation and Transmission Company
2 was directed and controlled by the government.
3 Created by special law, it was ordered to take over
4 existing facilities and was directed in its entire
5 operation by the national policy in furtherance of war
6 plans. The government guaranteed the principal and
7 interest of all debentures issued up to three times the
8 capitalization of the Company. Its stock was made
9 eligible for hypothecation by the Bank of Japan. The
10 Company was exempted from local taxation and was accord-
11 ed many other indirect and direct subsidies. In
12 addition to all of this, a dividend of four percent
13 on stock was guaranteed by the government for a period
14 of ten years. In September, 1941 the total capital
15 operated by this Company amounted to 1,376,645,000
16 yens.

17 "8. To make sure that electric power was not used
18 for non-essential purposes the Electric Distribution
19 Control Law was promulgated August 29, 1941. As a
20 result of this legislation, nationalization was
21 extended to the electric distribution field. There
22 were established in each of the nine Electric Distri-
23 bution Regions, a special company having general
24 organization lines similar to the Japan Electric
25 Generation and Transmission Company. These

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1 distribution companies actually allocated the use of
2 electric power in accordance with government direction.

3 "9. There were other national policy companies under
4 the control of the Japanese Government directly having
5 as part of their functions the production and control
6 of electric power and electric power facilities in
7 those areas wherein they operated. Special reference
8 is made to the South Manchuria Railway, Manchurian
9 Heavy Industry Development Corporation. The Taiwan
10 Electric Power Generation Company, the North China
11 Development Company and the Central China Development
12 Company. The emphasis on the universal expansion of
13 electric power under direct governmental control at
14 an early date indicates the methodical way by which
15 Japan achieved control over production industries.
16 "10. The degree of expansion of electric power pro-
17 duction and the direction of flow of electric power
18 within Japan Proper as a result of the government
19 policy is shown on the following table marked 'Electric
20 Power Consumption by Industries in Japan Proper.'
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1 BRIGADIER QUILLIAM: May it please the
2 Tribunal, there are several tables of statistics in
3 the statement. Some of these are lengthy and rather
4 complicated to read aloud. The Tribunal may consider
5 it unnecessary that these should be read out by the
6 witness, but that they should be included in the
7 transcript as if they had been read out. If the
8 Tribunal approves of this procedure, I propose to
9 indicate as they are reached the particular tables
10 which it is suggested should not be actually read.
11 The table shown on page 6 is an example of the table
12 which it is thought necessary not be read.

13 THE PRESIDENT: Well, this statement is in
14 evidence, of course. It is an exhibit. Yes. Well,
15 I do not know why it should go into the transcript,
16 really. But all my colleagues may take a different
17 view. If it does go in, it should appear that it
18 was not read but it was taken as read. Is it de-
19 sired to explain some of these tables, Brigadier?

20 BRIGADIER QUILLIAM: Pardon me, sir?

21 THE PRESIDENT: Is it desirable to explain
22 some of these tables?

23 BRIGADIER QUILLIAM: I think, if it please
24 your Honor, that they are really self explanatory.
25 The reason I suggested that the tables should appear

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1 in the transcript is that the report when read may
2 contain the tables and the whole thing be read as
3 one.

4 THE PRESIDENT: It will delay the transcript.

5 (Whereupon, a discussion was had
6 off the record.)

7 The majority of the Court are opposed to
8 including the table in the transcript. But I think
9 we would all like a summary of it, if that is pos-
10 sible.

11 BRIGADIER QUILLIAM: I would respectfully
12 suggest, sir, that in those circumstances it would
13 be better to read the full table. But, if the Tri-
14 bunal so desires, I am sure the witness could give,
15 extemporary, a useful summary.

16 THE PRESIDENT: Captain Brooks.

17 MR. BROOKS: If the Tribunal please, this
18 matter is already in evidence as exhibit 840, and
19 I think sufficient reference to page 6 -- the chart
20 on page 6, exhibit 840 -- would tie it in for a
21 reference if you wanted to go back to it. But I
22 would not want anything included in the transcript
23 that is not actually read.

24 THE PRESIDENT: Let Mr. Liebert give a sum-
25 mary which you say he can give.

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1 BRIGADIER QUILLIAM: I am sure he can, if
2 it please your Honor.
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1 THE WITNESS: The purpose of this table is
2 to show factually the actual expansion of electric
3 power in its consumption, to show the relationship be-
4 tween the actual expansion of electric power production
5 and its use into war industries. This table not
6 only shows the total expansion of the production of
7 electric power but shows the control of the flow of
8 the use of that power into basic war and war-supporting
9 industries out of all proportion to a normal economy.

10 For the convenience of the Tribunal I have
11 included another method of showing this information
12 by graphically illustrating this table in the form of
13 a graph chart, page 7-A. This chart is a recapitula-
14 tion of the data shown in the table.

15 Q Will you please continue reading from the
16 top of page 7?

17 A (Reading) "It can readily be seen that the
18 purpose of expansion in the production of electric
19 power was to advance the heavy industries in support
20 of war preparation. For graphic illustration there is
21 attached a chart marked 'Electric Power Consumption
22 in Japan Proper' drawn from the data contained in the
23 above table."

24 BRIGADIER QUILLIAM: May it please the
25 Tribunal, I offer in evidence the original chart,

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IPS Document No. 9030-7a.

THE PRESIDENT: Admitted on the usual terms.

CLERK OF THE COURT: Prosecution's document
No. 9030-7a will receive exhibit No. 843.

(Whereupon, the document above
referred to was marked prosecution's exhibit
No. 843 and was received in evidence.)

Q Please continue the reading.

A "Petroleum Industry.

"11. Petroleum is a commodity vital to the
conduct of modern warfare as well as to certain in-
dustries. Japan is by no means self-sufficient in
indigenous petroleum. As a matter of fact, the
Japanese production of petroleum is almost negligible
in proportion to her normal needs, that is to say,
about ten percent. As a consequence of this defic-
iency in petroleum production the supplying of petro-
leum for war purposes depended upon four factors:
(1) The storing of sufficient petroleum to last a
reasonable length of time, (2) Stimulating the
indigenous production of petroleum, (3) Production
and use of synthetic petroleum, (4) Restriction of
civilian and non-essential use of petroleum.

"12. In 1934 the Diet passed the Petroleum
Control Law making it obligatory on oil companies,

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1 both foreign and national, to maintain a perpetual
2 reserve of six months' supply of oil in addition to
3 the reserve normally needed for carrying on business,
4 or the equivalent of nine months' stock based on the
5 petroleum requirements for any one year. The obvious
6 purpose of such a measure was to increase the national
7 stockpile of petroleum for use in the event of
8 national emergency or failure of the normal imports.
9 One of the provisions of the Petroleum Control Law
10 enabled the initiation of a definite program for self-
11 sufficiency in refining. Under this program Japanese
12 Refineries with charging capacities of over 100,000
13 tons per year were to provide for or expand the crack-
14 ing capacity to twenty-five percent of crude capacity
15 within ten years.

16 "13. Effective July 1, 1935, the Petroleum
17 Industry Law was the beginning of an intensive cam-
18 paign to create a monopoly in the oil industry by
19 inaugurating a licensing system for oil refining
20 enterprises and oil importers. Subsequently, quantity
21 and quality of imports were regulated by the govern-
22 ment. The size of refineries and other equipments
23 were controlled. Price regulations were made effec-
24 tive by which all companies were forced to agree to
25 sell to the government upon demand at market prices."

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1 "Additional regulations relating to obligatory stor-
2 age were enacted and provisions were made for the
3 payment of storage subsidies.

4 "14. To carry out regulations for the
5 distribution of petroleum the Petroleum Distributing
6 Company was established as a central control organiza-
7 tion for the distribution of petroleum products,
8 placing distribution in the hands of one authorized
9 company for each of the forty-seven prefectures.

10 "15. From 1934 to 1941, the total daily
11 capacity of oil refineries was almost quadrupled.
12 Inasmuch as Japan's own production is confined almost
13 completely to the west coast, refineries were built
14 on the Pacific Coast to be more accessible to the
15 imports of crude, with particular emphasis on crude
16 imports from the East Indies. By 1941 the highly
17 strategic refining plants of the Navy and Army had
18 been built up to a capacity bordering on 10,000,000
19 barrels a year. It is significant that the plants were
20 dispersed to out-of-way points.

21 "16. Large Japanese companies from 1937
22 on made every effort to acquire as much equipment
23 and knowledge concerning the manufacture of aviation
24 gasoline and high-grade lubricants as possible. Many
25 reorganizations and amalgamations took place after

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1 1937 to improve the financial and operating structure
2 of the old-line oil companies. These new amalgamated
3 companies attempted the manufacture of high-grade
4 octane aviation gasoline by establishing new plants
5 and importing tremendous quantities of tetra-ethyl
6 lead needed for stepping up the octane content of
7 aviation gasoline. Certain of their production
8 plans, however, were blocked when the United States,
9 in September of 1940, prohibited the export of plans,
10 designs and information that could be used in the
11 production of high-grade aviation gasoline.

12 "17. Japan was one of the first countries
13 to build fast tankers with a speed of nineteen knots
14 or more compared with the usual ten or twelve knots.
15 Between 1937 and 1939, Japan's tanker fleet, excluding
16 naval tankers, increased from 220,000 tons to about
17 440,000 tons and in 1941 it was well in excess of
18 500,000 tons. These additions to the fleet are
19 significant in that they constitute necessary prep-
20 arations to secure the speedy importation of petroleum
21 eum to be manufactured in the newly established re-
22 fineries--eminently serviceable in case of national
23 emergency.
24

25 "18. The following table and chart marked
'Crude Oil Consumption and Stocks in Japan Proper'

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1 shows the ever-increasing imports of patroleum
2 and the growing stockpile prior to the war. It is
3 noted that the oil embargo of the United States in
4 1940 cut deeply into Japan's reserve stocks.

5 BRIGADIER QUILLIAM: May it please your
6 Honor, it is not proposed to read this table and I
7 offer in evidence the original chart, IPS Document
8 No. 9030-10a.

9 THE PRESIDENT: Admitted on the usual terms.

10 CLERK OF THE COURT: Prosecution's document
11 No. 9030-10a will receive exhibit No. 844.

12 (Whereupon, the document above
13 referred to was marked prosecution's exhibit
14 No. 844 and was received in evidence.)

15 BRIGADIER QUILLIAM: I think, if it please
16 your Honor, the chart and table are self-explanatory;
17 but if the Tribunal would like the witness to add
18 anything, I will get him to do so.

19 THE PRESIDENT: Perhaps the first and the
20 last columns on page 11 would be sufficient, Brigadier.
21 Of course, in matters of this kind we probably all
22 have different opinions.

23 BRIGADIER QUILLIAM: Yes, sir.

24 THE PRESIDENT: Tot homines, quot sententiae.

25 BY BRIGADIER QUILLIAM (Continued):

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1 Q Would you read, Witness, the first and last
2 column suggested or any other column that you think
3 would be helpful to the Tribunal?

4 A The table on page 11 discloses in the first
5 column that the actual indigenous production of
6 petroleum in Japan increased hardly at all in the
7 ten-year period from 1931 to 1941. The stockpiles
8 at the end of each year from 1931 to 1941, with
9 particular emphasis to the beginning of the stock-
10 piles in 1937, show tremendous preparations of
11 reserve oil for some purpose or other.

12 Q Will you please continue with the reading?

13 A (Reading):
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1 "19. Through economic sanction in 1940
2 Japan tried to force The Netherlands to provide
3 22,990,000 barrels of oil and oil products. This
4 included one million tons for making aviation gasoline,
5 400,000 tons of aviation gasoline itself, or roughly
6 three times the normal consumption even under an in-
7 tensive airplane training schedule. This method, how-
8 ever, did not meet with much success.

9 "20. To attempt a degree of self-sufficiency
10 in petroleum and petroleum products production the
11 Outline of the Plan for the Expansion of Productive
12 Power by the Board of Planning (Part III of IPS Docu-
13 ment 1522) provides that production of gasoline for
14 aircrafts should be increased approximately 630 per
15 cent in the four years between 1938 and 1941; that
16 production of artificial gasoline for motorcars should
17 be increased approximately 2900 per cent; that natural
18 heavy oil production should be increased approximately
19 30 per cent; that artificial heavy oil production should
20 be increased approximately 900 per cent; and that lu-
21 bricating oil for aircrafts should be initiated to
22 achieve a production of 20,000 kilo litres. It is
23 noted that great emphasis is placed on the artificial
24 petroleum industry.

25 "21. For the development of indigenous

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1 production the Oil Resources Exploitation Law was
2 passed March 28, 1938 (Law No. 31). It was provided
3 that those who had mining rights for the drilling of
4 oil must make a plan to be submitted to the government
5 for the development of such rights and that the govern-
6 ment could provide subsidies to oil producers for trial
7 diggings. In addition, the government was empowered
8 to give orders to increase production and develop oil
9 fields. By the Regulations for Enforcing the Oil Re-
10 sources Exploitation Law (Commerce and Industry Ord-
11 inance No. 772, dated July 30, 1938), it was necessary
12 for the owners of oil rights to make reports to the
13 government concerning the progress of oil exploitation.
14 Standard rates of subsidies for drilling were set up
15 and subsidies were provided for the purchase of machin-
16 ery, fittings, motors, pumps and accessories for drill-
17 ing. The following table indicates the amount of in-
18 creased subsidies paid by the Ministry of Commerce and
19 Industry alone as a bounty for oil prospecting:

21	1935	132,045 Yen
22	1936	342,691 Yen
23	1937	425,105 Yen
24	1938	903,113 Yen
25	1939	3,560,616 Yen

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1 1940 6,891,704 Yen

2 1941 6,124,676 Yen

3 "22. Every effort was made by the Japanese
4 government to develop oil interests in Northern Sag-
5 halien. An indication of the emphasis placed upon
6 the securing of oil rights in Saghalien is shown in
7 the following subsidies paid by the Ministry of Com-
8 merce and Industry for the securing of oil rights:

9 1939 6,148,000 Yen

10 1940 7,680,000 Yen

11 1941 3,205,000 Yen

12 "23. The Imperial Oil Company Law of
13 March 15, 1941 (Law No. 73) established the Imperial
14 Petroleum Company, a national policy company, to survey
15 and develop oil fields and to control the purchase and
16 sale of all petroleum and oil products. The capitaliz-
17 ation of this national policy company was 100,000,000
18 yen, one-half of which was invested by the government.
19 To facilitate its financial operation, the Company was
20 allowed to issue debentures, the interest and principal
21 of which were guaranteed by the government. A dividend
22 of 6 per cent was guaranteed to private stockholders
23 investing in the Imperial Oil Company. The usual provi-
24 sions of exemptions from business tax, income tax and
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1 local taxes were granted so that the Company, a monop-
2 oly in fact, was the active government instrument for
3 the purpose of stimulating and controlling the indigen-
4 ous production of petroleum both at home and abroad.

5 "24. Petroleum shortages presented such a
6 serious problem to the military that it was decided
7 to advance the production of synthetic petroleum using
8 coal as the raw material. In August 1937, the Diet
9 passed the Imperial Fuel Development Company Law which
10 established the Imperial Fuel Enterprise Company for
11 the purpose of developing and financing the artificial
12 petroleum industry. This Company was a national policy
13 company and had an original capitalization of 100,000,000
14 yen. Hand in hand with the Imperial Fuel Development
15 Company Law was the Synthetic Oil Industry Law which
16 provided for a system of licensing, tax exemption and
17 subsidies, together with government control and guid-
18 ance of the new industry. Bounties paid by the Minis-
19 try of Commerce and Industry for the production of syn-
20 thetic oil were as follows:

21	1939	290,720 Yen
22	1940	386,059 Yen
23	1941	804,361 Yen
24		
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1 "Grants for the dividend of the Imperial Fuel Enter-
2 prise Company paid by the Ministry of Commerce and
3 Industry were:

4 1938	148,094 Yen
5 1939	878,387 Yen
6 1940	1,938,000 Yen
7 1941	2,625,057 Yen

8 As a result of these foregoing laws, and the special
9 emphasis placed upon the new industry by the govern-
10 ment, synthetic petroleum production increased from
11 3,571,200 barrels in 1939 to 5,066,600 barrels in
12 1941. The proportionate rate of increase was from
13 2.73 per cent of total indigenous production in 1938
14 to 24.31 per cent in 1941.

15 "25. The South Manchurian Railway Company
16 attempted to and did develop the production of petrol-
17 eum in Manchuria from shale oil. Their plans in 1939
18 called for the production of 7,000,000 barrels of
19 synthetic petroleum by 1943. Inasmuch as the produc-
20 tion of petroleum in Manchuria was instituted for the
21 purpose of supplying that area, the effect of such pro-
22 duction was not felt in Japan proper since only negli-
23 gible quantities were imported into Japan proper.

24 "26. Because the great portion of synthetic
25 petroleum was developed directly at government expense,

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1 and since the production was bought up for government
2 use, there is no exact data available concerning the
3 relative cost of synthetic petroleum in Japan to the
4 cost of the imported natural product. Authoritative
5 sources, however, indicate that the production of
6 synthetic petroleum from coal and shale is so costly
7 as to be prohibitive under normal conditions.

8 "27. The conservation of oil and oil products
9 was considered such a strategic problem that the Plan-
10 ning Board gave early consideration to limiting the
11 amount of petroleum available for civilian use. On
12 March 7, 1938, the Ministry of Commerce and Industry
13 Ordinance No. 8, provided a rationing system for the
14 use of petroleum. It was provided at this time that
15 gasoline for private motorcars should be curtailed by
16 40 per cent, for taxis, buses and government cars by
17 30 per cent. Additional regulations provided that
18 certain percentages of alcohol should be mixed with
19 gasoline for motor fuel. The government gave an im-
20 petus to the use of substitute fuels for automobiles
21 by the establishment of the Nippon Substitute Fuel
22 Producer Company. This Company was granted a monopoly
23 for the production of apparatus which converted char-
24 coal or woodchips into fuel for automobiles. A subsidy
25 of 300 yen was granted for each automobile equipped with

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1 substitute fuel apparatus. The Subsidy Budget of the
2 Ministry of Commerce and Industry for substitute fuel
3 for automobiles is as follows:

4 1938	1,560,000 Yen
5 1939	1,720,000 Yen
6 1940	2,900,000 Yen
7 1941	3,000,000 Yen

8 Additional subsidies were paid for propagandizing
9 conservation of petroleum and oil products and the use
10 of substitute materials wherever possible. Other regu-
11 lations, however, which limited the use of charcoal
12 and coal and normal substitutes made such regulations
13 tantamount to non-use of certain facilities normally
14 requiring oil, because such substitutes even were not
15 readily available. The extent of emphasis on substi-
16 tute fuel is shown in the attempted development of
17 gasoline from pine tree rocts and other such highly
18 uneconomic enterprises."

19 THE PRESIDENT: You are getting on to coal
20 now. I think we will adjourn now until half-past nine
21 tomorrow morning.

22 (Whereupon, at 1557, an adjournment
23 was taken until Tuesday, 22 October 1946 at 0930.)
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22 October

CHARTS TO BE INSERTED
IN THE DAILY RECORD
AS FOLLOWS:

*Recd
for
9/26/46*

<u>1946 DATE</u>	<u>DOC NO.</u>	<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
<u>22 OCT</u>	9030-43-A	845	Chart of Steel Production & Imports in Japan Proper 1926-1941	8333
	9030-46-A	846	Chart of Aluminum Production in Japanese Empire 1926-1941	8338
	9030-61-A	847	Chart of Machine Tool Production and Net Imports in Japan Proper 1930-1941	8356
	9030- 62-A	848	Expansion of Precision Bearing Industry in Japan Proper 1931-1941	8357
<u>23 OCT</u>	9030-106-A	858	Gold Production in Japanese Empire 1925-1941	8518
	9030-124-A	860	Expansion of Industry in Japanese Empire 1931-1941	8556

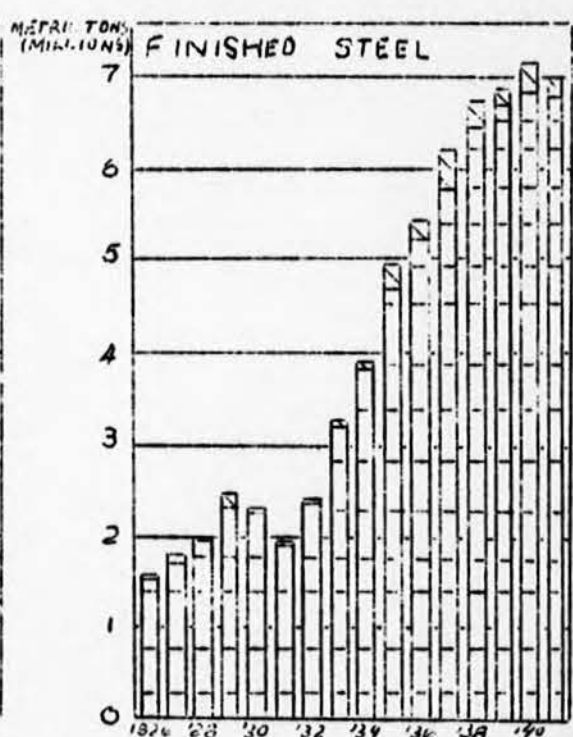
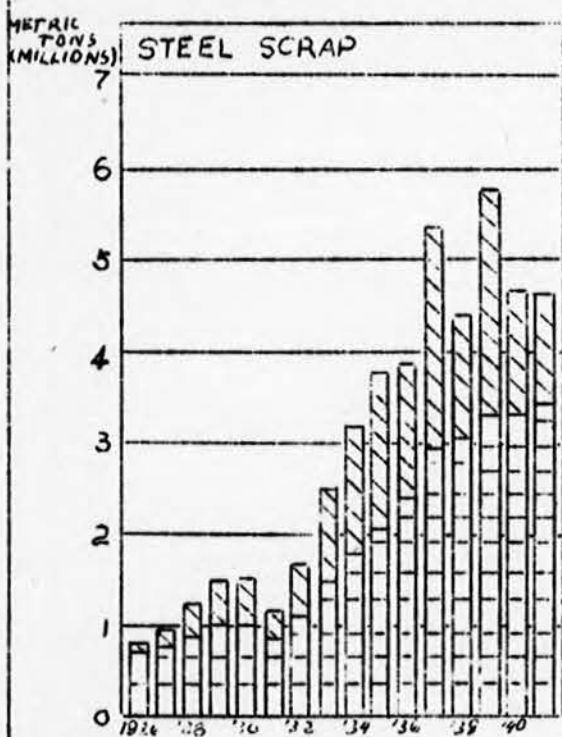
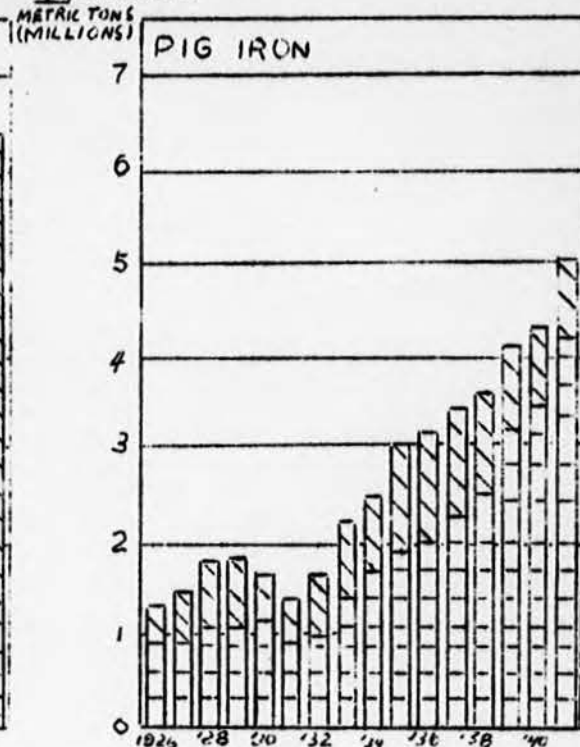
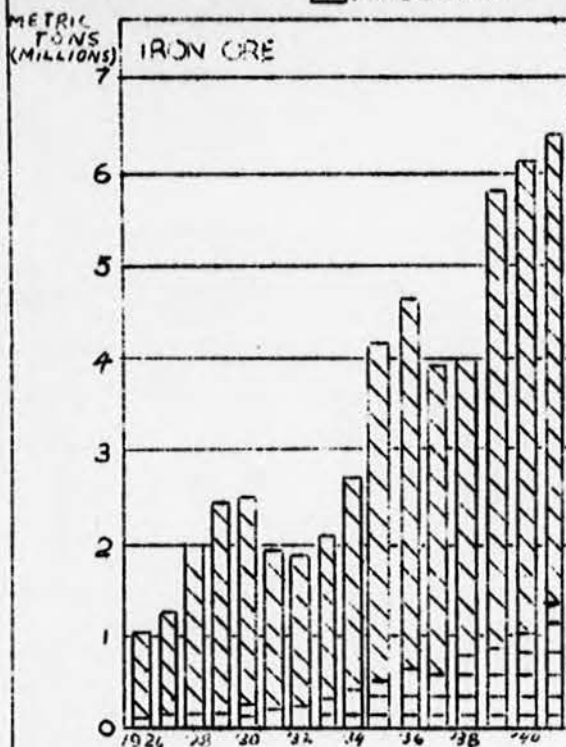
CHARTS TO BE INSERTED
IN THE DAILY RECORD
AS FOLLOWS:

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Nov 2(a)*

<u>1946 DATE</u>	<u>DOC NO.</u>	<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
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STEEL PRODUCTION AND IMPORTS IN JAPAN PROPER, 1926-1941

■ PRODUCTION ▨ IMPORTS

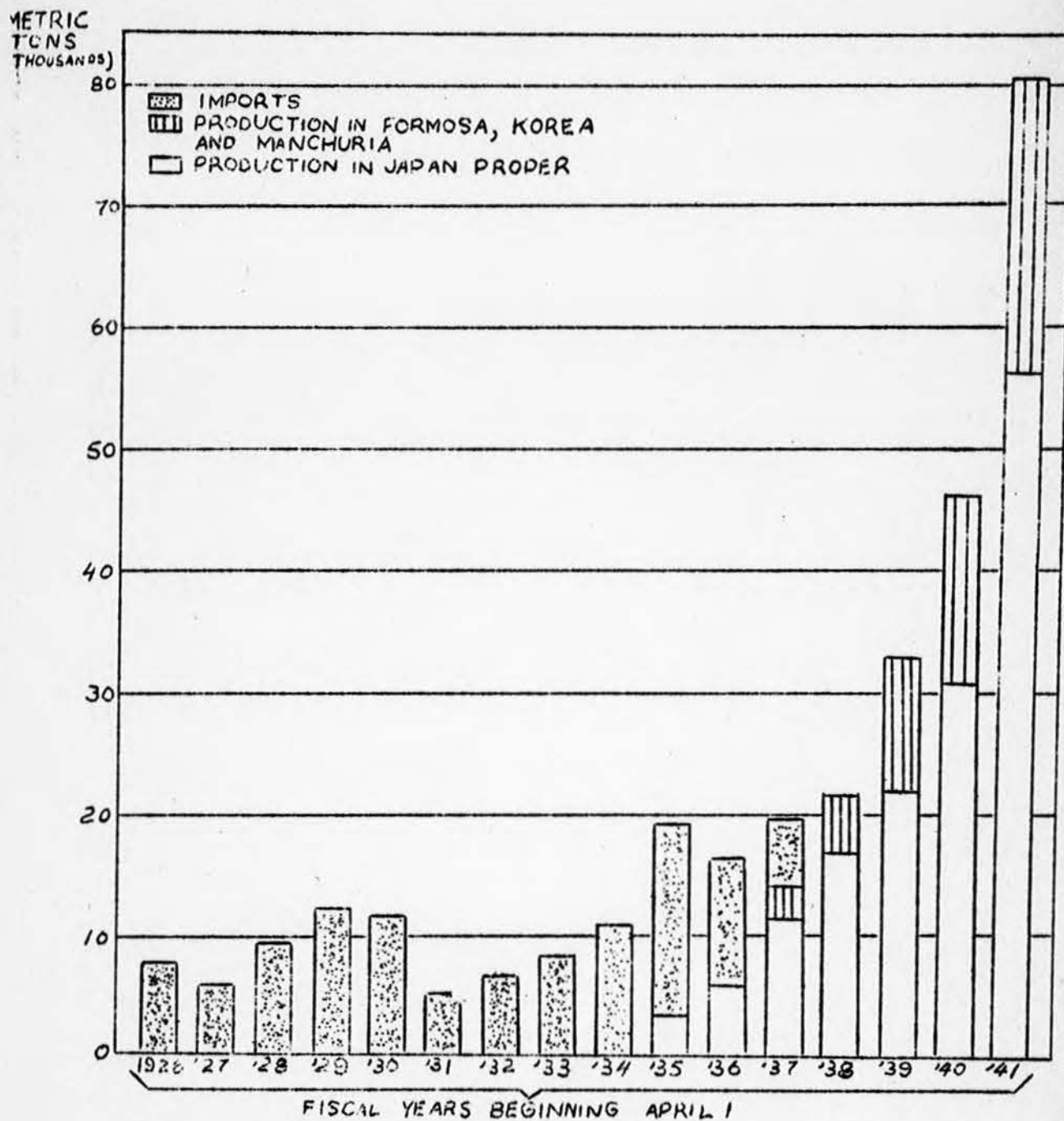


SOURCE: MINISTRY OF COMMERCE AND INDUSTRY

Doc. 9030 - 43A

Exhibit No. 845 P. 8333

ALUMINUM PRODUCTION IN JAPANESE EMPIRE, 1926-1941



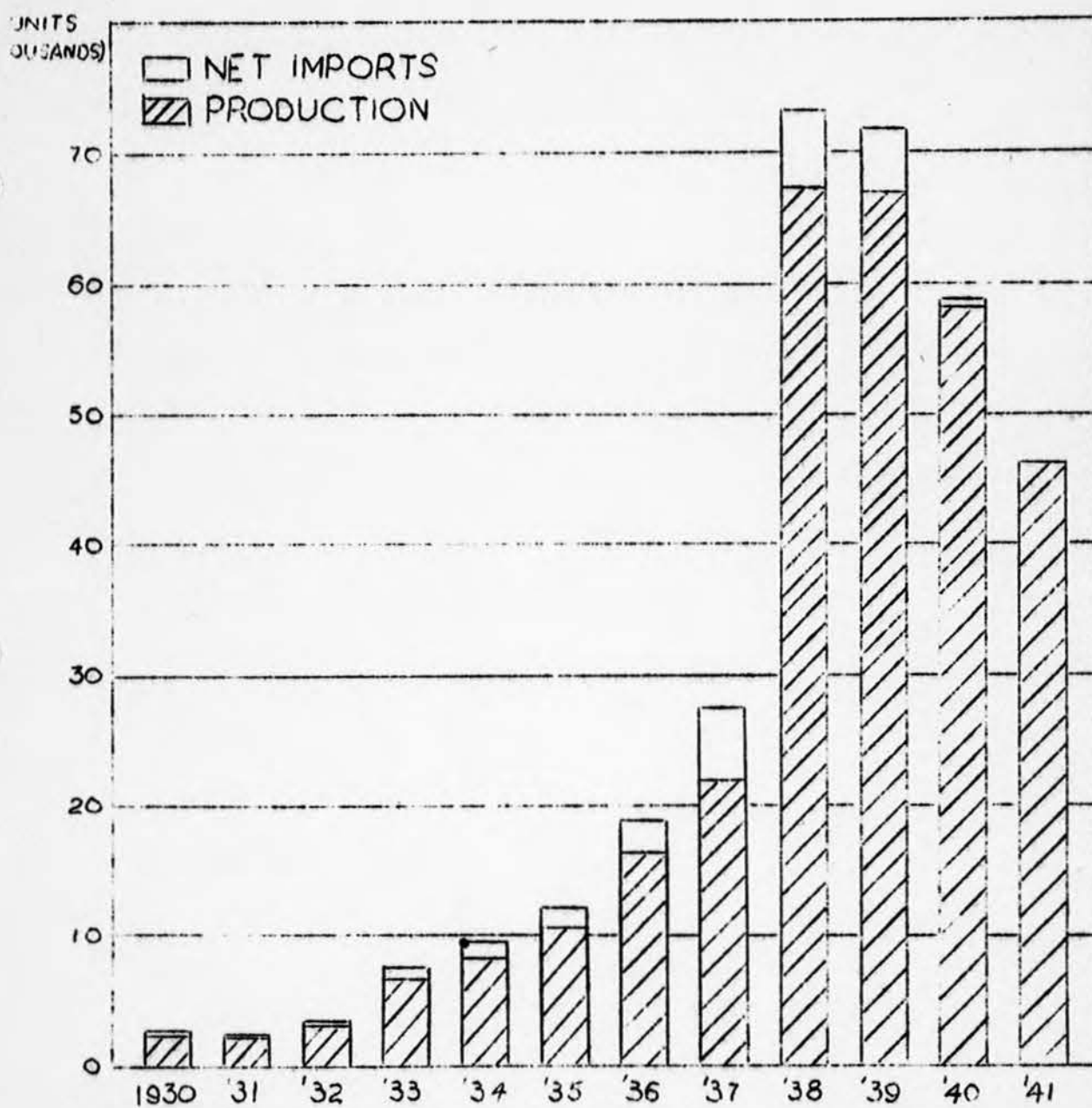
SOURCE: ① PRODUCTION DATA: LIGHT METAL CONTROL ASSOCIATION;
② IMPORT DATA: FINANCE MINISTRY

Doc. 9030 - 46 A

Exhibit No. 846

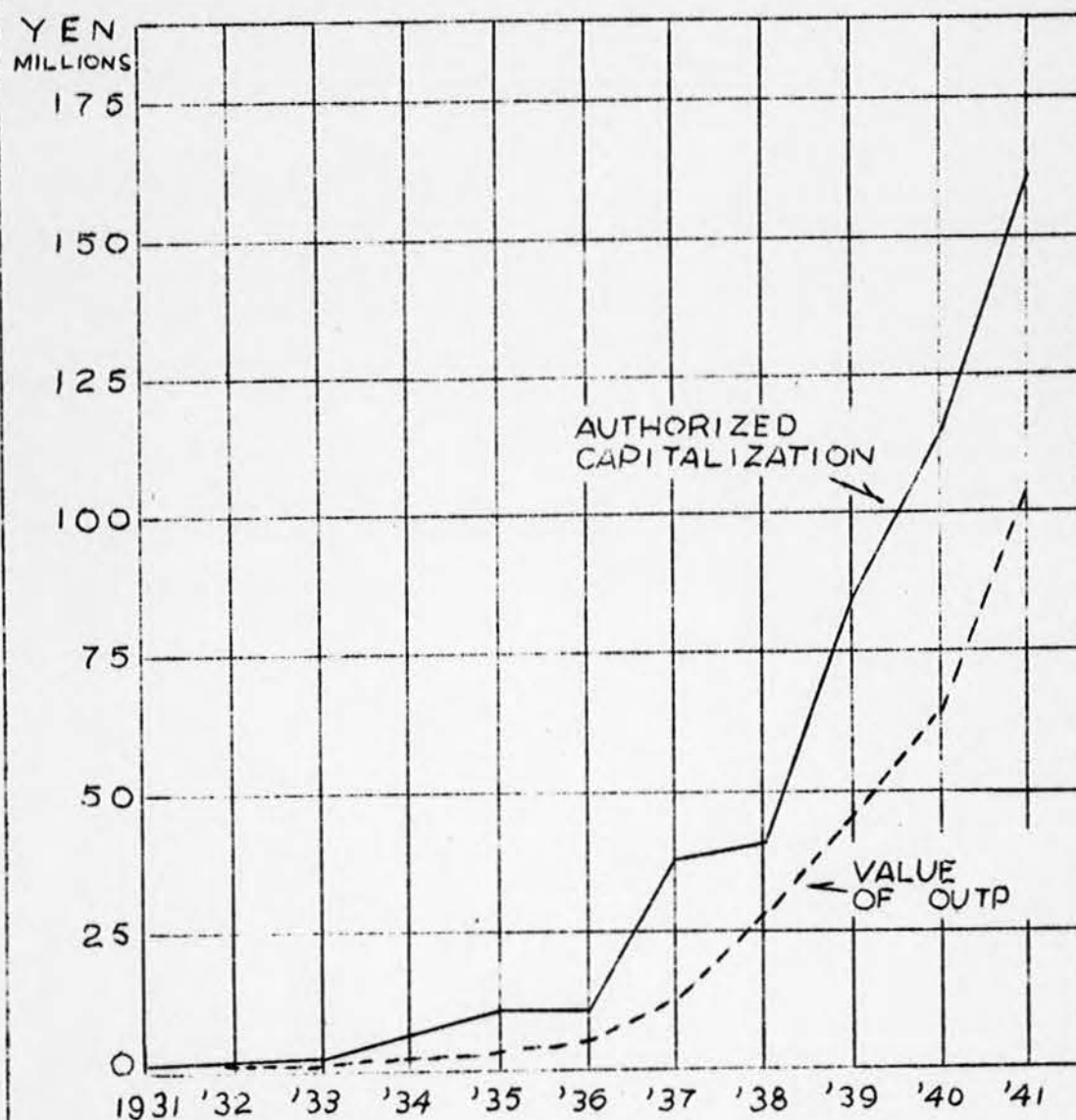
P. 8338

MACHINE TOOL PRODUCTION AND NET IMPORTS IN JAPAN PROPER, 1930-1941



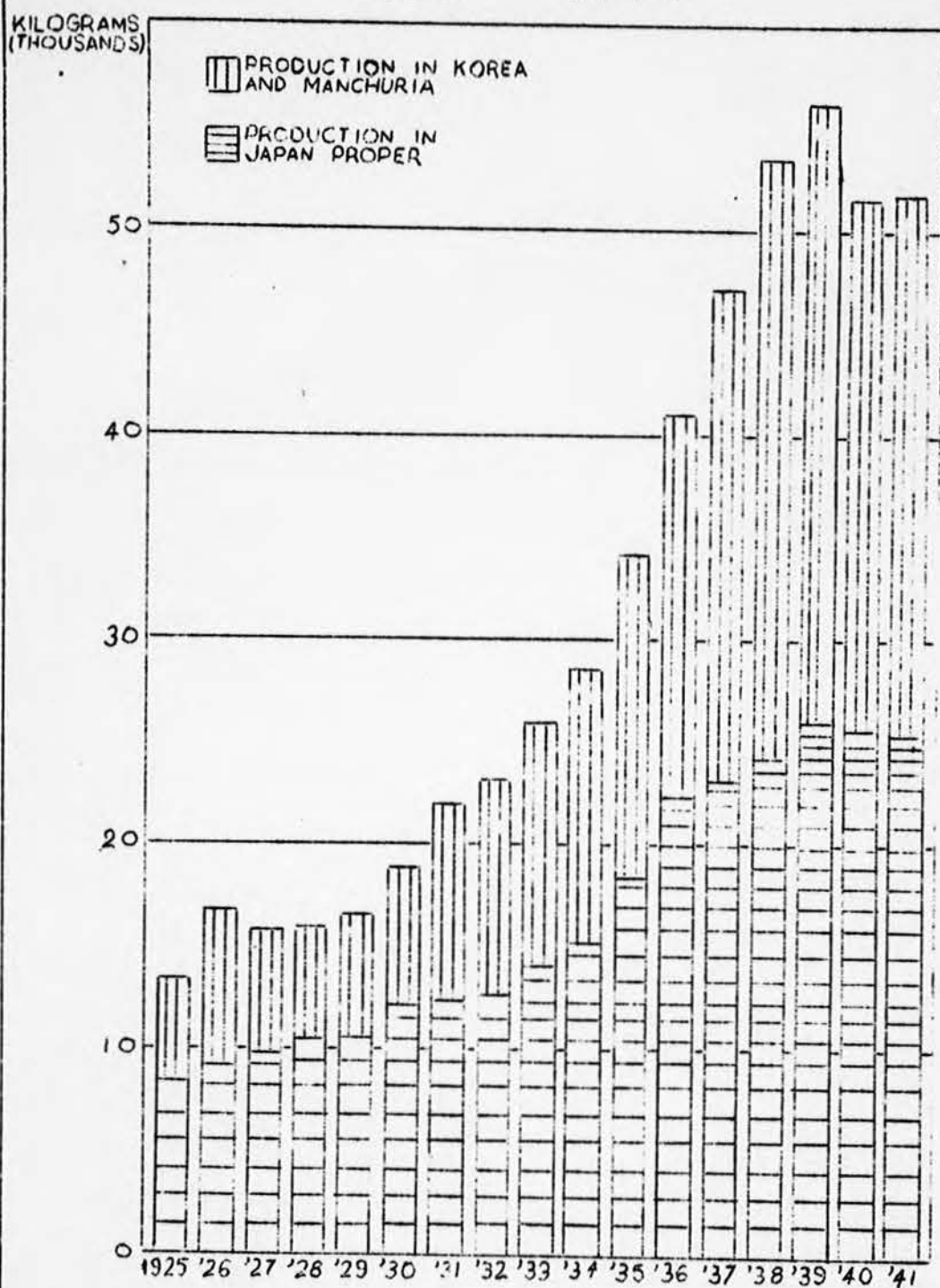
SOURCE: MINISTRY OF COMMERCE AND INDUSTRY AND
MACHINE TOOL CONTROL ASSOCIATION

EXPANSION OF PRECISION BEARING INDUSTRY IN JAPAN PROPER, 1931-1941



SOURCE : PRECISION MACHINE CONTROL ASSOCIATION

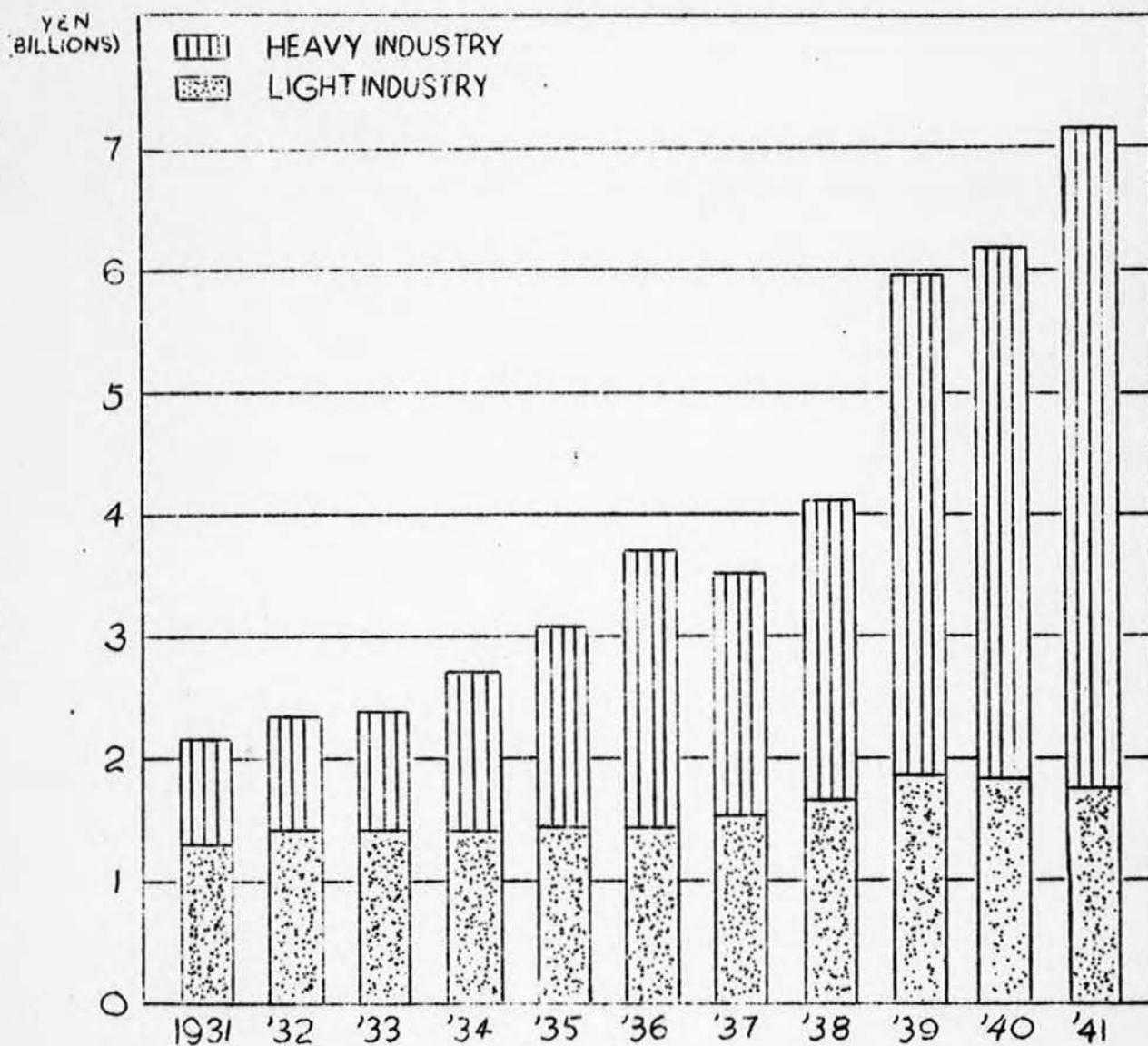
GOLD PRODUCTION IN JAPANESE EMPIRE, 1925 - 1941



SOURCE : (1) MINISTRY OF COMMERCE AND INDUSTRY
(2) MINISTRY OF FINANCE

EXPANSION OF INDUSTRY IN JAPAN PROPER, 1931-1941

GROSS VALUE ADDED BY MANUFACTURE
1931 PRICES



SOURCE : MINISTRY OF COMMERCE AND INDUSTRY